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2nd (ENLARGED) EDITION.

THE

UNIONIST FREE FOOD LEAGUE.

The Case Against the Protective Taxation of Food and Raw Material.

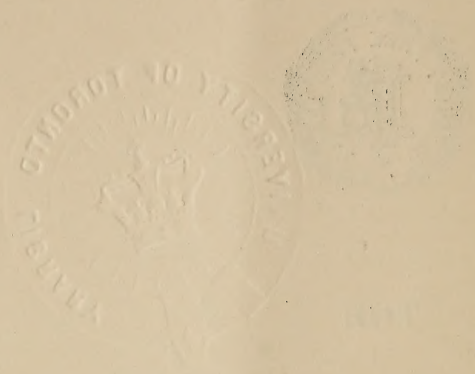
PRICE ONE SHILLING.

THE CASE AGAINST The Protective Taxation OF FOOD AND RAW MATERIAL.

61226
24/11/03

LONDON:
PUBLISHED BY THE UNIONIST FREE FOOD LEAGUE, 15, VICTORIA STREET, LONDON, S.W., AND PRINTED BY SOUTHWOOD, SMITH & CO., LTD., PLOUGH COURT AND BREAM'S BUILDINGS, FETTER LANE, LONDON, E.C

1903



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PREFATORY NOTE

TO SECOND (ENLARGED) EDITION.

It has been the aim in the following pages to produce, not only a book for handy reference by Members of Parliament and others who are opposed to the Protective taxation of food or raw material, but a clear and concise account of this phase of the fiscal question for the general reader who may wish to inform himself upon the subject. To this end an effort has been made to piece together as complete a picture as possible of the Empire in its commercial aspect, without confusing the inquirer with superabundant statistical information. In Part I., under the general heading "National Prosperity," it has been shown what splendid progress the United Kingdom has made during the period in which free imports have prevailed. Part II. sketches, in particular, the improvement which has taken place in the condition of the agricultural labourer; and in Part III. will be found such details regarding our foreign supplies of food and raw material as should afford conclusive evidence of the disastrous effect which Protective taxes would tend to produce in this country. Other useful information to the point is contained in Part IV., under the heading "Miscellaneous," to which has been added in the present new edition chapters on "Our Home Trade," and the "Fallacies of the New Protection." In Part V. will be found a compilation of notable speeches delivered during the present controversy; whilst Part VI. records, in addition to some interesting and important political incidents, the definition which Mr. Balfour gives in his Sheffield speech of the fiscal policy of the Government. Mr. Chamberlain's contradictory utterances on the subject of fiscal policy occupy Part VII., after which there follows an index, giving a detailed reference to all points of importance in the book. The Analysis which immediately precedes Part I. is intended mainly as a useful summary for speakers, but will also be found to give a lucid and precise exposition of the whole case against Protective taxation.

ANALYSIS

OF

THE CASE PRESENTED IN THE FOLLOWING PAGES.

ANALYSIS.

PART I. consists of nine chapters under the head of "*National Prosperity*," showing how well the people of the United Kingdom have fared, since they threw their ports open to the trade of the world in the middle of the Nineteenth Century, and how baseless the contention is that the state of our commerce now calls for fiscal changes.

THE FIRST CHAPTER, "The Evidence of Income Tax," is designed to prove the fallacy of the belief, prevalent in quarters which should be better informed, that excess in value of imports over exports is a sign of national impoverishment. The true causes of that excess are indicated in the second paragraph.

TABLE I. shows the progressive rise in the gross incomes of the nation, and the progressive rise in the yield of each penny of income tax, corresponding with the progressive excess of imports over exports, from 1861 to 1901.

[*Note* here that the Repeal of the Corn Laws was enacted by Parliament in 1846, and the taxes ceased in 1849; but the Registration Duty remained, and it was not until that was dispensed with in 1869 that the full effect of the Repeal of the Corn Laws became apparent, the mercantile community only then feeling assured of the finality of the legislation of 1846. In practice, therefore, Free Trade dates, not from 1846, but from 1869, and in studying this Handbook, it will be found that 1871 was the year when the tide of commercial prosperity turned, which has continued to flow until the present time.]

TABLE II. compares the Income Tax figures of the latest septennial period, 1894-5 to 1901-2, with those of the exceptionally prosperous septennial period 1868-9 to 1875-9, showing that the wonderful increase of national wealth during the earlier period, instead of being temporary, has been continuously sustained.

TABLE III. gives the gross amount of revenue collected from all the taxes except Customs duties, during eight periods between 1848 and 1903, together with the percentage of cost of collection during each period. It thus covers the whole time during which Free Trade has been in operation, and gives a striking view of the steady improvement in the monetary condition of the mass of the people under that system.

The Second Chapter, "The Evidence of Foreign Trade," refutes the contention that the policy of Free Imports has been injurious to home industries and especially to manufacturers for export.

Table IV. shows the progress of imports and exports, and separately that of exports of British produce and manufactures, the total trade, the population, and the total trade per head, from 1801 to 1902, that is, the whole of the nineteenth century.

Table V. divides the century into four distinct periods of fiscal treatment of imports.

Table VI. shows the actual result in fall or rise of exports, of each phase of fiscal treatment of imports.

The three tables together prove that, while the export trade has increased eight times as much as the population, the increase has been in just proportion to the degree in which the import trade has been free from fiscal fetters. The direct relation between freedom of import and expansion of export is conclusively demonstrated by the explanatory letterpress on page 9.

The Third Chapter, "The Evidence of Shipping," meets the contention that the maritime supremacy of the United Kingdom is in danger from the aggression of foreign countries which foster their mercantile marine by tariffs, bounties and exclusive navigation laws.

Table VII. compares the total Oversea Shipping of the United Kingdom with that of the British Possessions and of the seven principal maritime countries from 1840 to 1902, with results over whelmingly in favour of the first, both positively and as to progression during sixty years. The main points indicated by the figures are set out on page 13.

Table VIII. is a similar comparison as to Steam Navies only, showing that supremacy and the superior expansion of British Shipping in a still more striking light.

Table IX. shows the total British tonnage from 1802 to 1902; the British and Foreign tonnage respectively engaged in the trade of the ports of the United Kingdom; and the increase or decrease of each in the decennial periods and last year. The table is directed against the common fallacy that foreigners use our open markets without giving us any recompense for the privilege. It proves indisputably that we receive a very substantial recompense in freights which are in effect a convenient form of toll paid by foreigners for access to our markets. The points indicated by the figures are concisely noted on pages 16 and 17.

Table X. carries the comparison between the United Kingdom and the other great Maritime countries into shipbuilding and ship selling; again proving the unrivalled supremacy of the former.

Table XI. gives the tonnage actually added to the different Merchant Navies during each of the past ten years. The importance of these figures for public information in the fiscal controversy is enhanced by the special explanation of them to be found on page 19.

The Fourth Chapter, "The Evidence of the Flag," refutes the contention so persistently urged of late years that foreign nations,

while walling us off from their ports by hostile tariffs, are successfully competing with us as carriers in maritime areas which were formerly our exclusive domain.

TABLE XII. faces this contention with regard to the trade of the United States, showing the relative prevalence of British and Foreign shipping, respectively, from 1860 to 1902.

TABLE XIII. applies the same comparison to the Trade of British Possessions.

TABLE XIV. gives the total tonnage of all shipping engaged in the Foreign trade of the Maritime Countries and British Colonies, and the proportion flying the National, British, or other Flags in 1900-1901. This Table proves the dependence of all nations on the United Kingdom for carrying on their foreign trade and the three Tables effectively dissipate the impression that tariff walls keep our flag out of the ports of Protective countries.

THE FIFTH CHAPTER, "Stability of Trade," deals with the alarmist cry for protective or retaliatory taxation of imports, which is invariably raised whenever any branch of British industry shows a temporary falling off in production for export. It shows that taking one year with another, and one trade with another, British commerce is always progressing, and shows no sign of exhausted energy at the present time.

TABLE XV. gives the latest available returns of imports and exports, those, namely, for the eight months ending the 31st August, 1903, compared with the corresponding period of 1902 and 1901.

TABLE XVI. gives a similar comparison for the month of August, by way of showing the latest tendency of the trade of the year.

TABLE XVII. shows the total commerce for the whole year 1903, at a *minimum* estimate.

TABLE XVIII. gives the total commerce in round figures, from 1893 to 1903.

The statistical effect of the Tables is to prove the remarkable stability and steady progression of British trade, as explained on pages 27 and 28.

THE SIXTH CHAPTER, "The Promise of the Year," exposes the fallacy of the proposition that, owing to unfair foreign competition, British trade, especially in exports of manufactures, is declining, and can only expand in future if the command of Colonial markets is secured for our products by means of Preferential tariffs.

TABLE XIX. gives a comprehensive view of the import and export trade of the United Kingdom from 1861 to 1903, together with the population and the share of trade per head.

TABLE XX. shows the movements of trade for the first eight months of 1902 and 1903, respectively, under the four main heads of Food, Raw Materials, Manufactures, and Miscellaneous.

TABLE XXI. gives details of the Imports and Exports of Manufactures under fourteen principal heads, for the first eight months of 1902 and 1903, respectively, showing increase or decrease under each head and under totals. The points demonstrated

by the figures, and their general effect in the fiscal controversy are condensed in the concluding paragraphs on page 33.

The Seventh Chapter, "Distribution of Wealth," grasps the problem of the influence of Free Importation on the welfare of different classes and of the masses of the people. It refutes the contention that, under that system, the rich have grown richer and the poor poorer, and Capital has gained an undue mastery over Labour.

Table XXII. shows the sources from whence all incomes brought under the review of the Inland Revenue Department for 1891-2 and 1900-1 respectively, were derived, and the increase or decrease under each head between the two periods. This marks the distribution of wealth among five principal sections of the people who might presumably be Income Tax payers; and the directions towards which it tends to flow.

Table XXIII. gives the amount due to depositors in the Post Office and Trustees' Savings Banks, respectively, and the value of Government Stocks at their credit, from 1831 to 1902. This depicts the progressive distribution of wealth of the masses presumably below the condition of Income Tax payers throughout a period of seventy years, of which thirty were before and forty were after the adoption of Free Trade as the fundamental principle of British fiscal policy. The conclusions from these figures are stated on page 37.

The Eighth Chapter, "Decrease of Pauperism," contends for the efficacy of Free Imports as an alleviation of poverty. It affords a complete answer to the sneering dictum which Mr. Chamberlain has allowed to be widely published on his authority, that "If there are 12,000,000 people in the United Kingdom on the verge of starvation, it does not say much for the 'blessings' of Free Trade."

Table XXIV. shows the continuous decrease in the total number of persons receiving poor relief in proportion to the population, from 1855 to 1903.

Table XXV. gives the exact numbers of able-bodied paupers relieved in each year from 1894 to 1901.

The significance of the figures is explained by the letterpress on pages 38, 39, and 40; and the main conclusion from them is tersely stated in the concluding paragraph of the chapter.

The Ninth Chapter, "The Evidence of 'Dead' Trades," categorically answers Mr. Chamberlain's question: "Is it or is it not the fact that our greatest and oldest industries—I would specially name the Iron Trade and the Textile Industries—are threatened as they never were before, and that they might, at any moment, be overwhelmed?" It also challenges pessimist statements of the same vague character, regarding the Tinplate, Lace and Hosiery, Cutlery and Hardware, Pottery, and Glass Trades.

Table XXVI. gives the exports of British and Irish production in the Iron Trade and Textile Industries from 1888 to 1902.

TABLE XXVII. gives the same comparison for the first eight months of 1901, 1902, and 1903, respectively.

TABLE XXVIII. gives the same comparison between the whole of 1902 and 1903, respectively.

TABLE XXIX. gives the exports of British and Irish production of the five trades : Tinplate, Lace and Hosiery, Cutlery and Hardware, Pottery, and Glass, from 1888 to 1903.

Each of these Tables is explained in the letterpress, and the conclusions from them are summarised on page 45.

PART II. consists of seven sections under the head of "*Improved Condition of the Agricultural Labourer*," showing how the rural population have benefitted by the national policy of Free Imports.

SECTION A deals with wages only.

TABLE XXX. gives the rate of cash wages of ordinary agricultural labourers in England and Wales, and in eight foreign countries, respectively, from 1892 to 1899.

SECTION B is a comparison between the wages of agricultural labourers and the price of wheat at different periods, with a view to showing how far the cost of food has been affected by Free Imports relatively to the rate of wages.

TABLE XXXI. gives the average rate of cash wages of agricultural labourers and the average price of wheat in each year from 1850 to 1902. The conclusions from this Table are stated on page 51. They are valuable in refuting the contention of the advocates of Protective taxes that dear food and high wages go together.

SECTION C distinguishes between the cash wages of agricultural labourers and their total earnings.

TABLE XXXII. gives the excess per cent. of earnings over wages according to different official authorities within recent times.

SECTION D deals with the character of the agricultural labourers' food, showing how they would be affected by taxation, or remission of taxation on the several items of their diet.

TABLE XXXIII. gives the average weekly consumption of fifteen principal articles of food by an average agricultural labouring family in four groups of counties, with the general average for the Kingdom, and the weekly cost under each head, in 1902. The effect of these figures is noted at the foot of page 53.

SECTION E examines the relation between the total earnings of agricultural earnings, and their necessary expenditure on food.

TABLE XXXIV. gives the average weekly wages, other earnings, total earnings, and total cost of food consumed by an average agricultural labouring family in 1902, showing the percentage of total earnings spent on food.

SECTION F demonstrates the improvement that has taken place in the general condition of agricultural labourers between 1850 and 1903.

The particular respects in which this improvement is most noticeable are authoritatively defined on pages 54 and 55.

PART III., under the head of "*Our Supplies of Food and Raw Material*," treats in CHAPTER I. of the dependence of the inhabitants of the United Kingdom on imported food, and of the results which would follow the taxation of food of foreign origin in order to give a preference to British Possessions.

TABLE XXXV. shows the total value of food imported into the United Kingdom, the population, and the value per head of the food imported in 1890, 1895, 1901, and 1902.

TABLE XXXVI. shows the total import of food in 1902 divided into seven principal classes.

TABLE XXXVII. shows the proportions of each class of food imported in 1902 from foreign countries and British Possessions respectively.

TABLE XXXVIII. gives the value of food imported from each Foreign Country and British Possession, and the total from either source in 1902.

TABLE XXXIX. shows the average annual increase in the supplies of grain sent to us from British Possessions,

TABLE XL. and XLI. show the cost and the gain to the Agricultural Labourer and the Artisan respectively under Mr. Chamberlain's scheme of food taxes and remissions, with the net loss, making allowance for the difference between war taxation and normal taxation.

This chapter is specially useful for exposing the fallacy of the contention that, under Preferential Trade, the whole of our Food Supply would be obtained from British Possessions, and there would be no increase in the cost of living in the United Kingdom.

THE SECOND CHAPTER demonstrates the dependence of the United Kingdom on Import Trade for the Raw Materials of her manufacturing industries, and the injury that would result from any fiscal interference with the supply.

TABLE XLII. gives the value of the Total Import of Raw Materials under 23 principal heads in the order of their official import value during 1902.

The total value of all imports of Raw Material in 1902, and in the first six months of 1903 respectively, is to be found in the second paragraph on page 65. The gross income from all businesses which would be affected by any restraint on these imports is given in the same paragraph.

TABLE XLIII. shows the proportions of the same list of Raw Materials imported from Foreign Countries and from British Possessions respectively. The direct bearing of these figures on the question of Preferential Trade is pointed out in the paragraph on page 67 following the Table, and the general conclusions from both Tables are given on page 68.

PART IV. consists of five chapters dealing with miscellaneous matters affecting the fiscal controversy.

THE FIRST CHAPTER furnishes categorical replies to the eight questions published by the Birmingham Tariff Committee as the test questions in support of the proposed protective taxation of imports. Each of these questions is a *verbatim* extract from one or other of Mr. Chamberlain's speeches on his fiscal policy in May and June, 1903, and they were circulated with his authority for the avowed purpose of compelling the opponents of that policy to state their arguments against it in a form chosen by himself.

The questions are given exactly as he propounded them, and each answer is drawn up in such a way as to refute the contention implied in the question preceding it.

The answers show (1) that the existing policy of Free Imports is necessary to our prosperity ; (2) that Protective Taxes on food and raw materials would be severely felt by a great part of the population ; (3) that, by reason of Free Imports the condition of the poorer classes is immeasurably better than it was before the adoption of that policy or than it would be under a return to Protective Taxation ; (4) that no genuine British industries have been ruined by Free Imports, but vast wealth has accrued to those engaged in business generally under that system ; (5) that the condition of the workpeople employed in British industries has been vastly improved through the operation of Free Imports ; (6) that the great staple industries are not seriously threatened by foreign competition, and if they were, taxes on food and raw materials would make their position infinitely worse ; (7) that these industries are in no danger of being overwhelmed by importations of goods from Protected States sold here below cost price ; (8) that the industrial progress of the United Kingdom under Free Imports has been greater than that of any Protected States.

THE SECOND CHAPTER deals with wages and cost of living in the Colonies. It refutes the contention that under Protective taxation wages increase while the cost of living is no greater.

TABLE XLIII. gives the rates of wages in four typical industries in each of the self-governing Colonies.

TABLE XLIV. gives the rates of wages in nine principal trades in New South Wales in 1899, under Free Trade, and in 1903, under Protective taxation, respectively.

TABLE XLV. gives the prices of provisions under fourteen principal heads in New South Wales, in 1899 and 1903 respectively, and the rise in the cost of clothing.

The application of the figures to the case of the British people in the event of a Preferential Tariff being adopted, is pointed out on page 80.

THE THIRD CHAPTER examines the monetary condition of the working classes in Sweden, that country having been specially cited by Mr. Chamberlain and the Birmingham Tariff Committee as a recent instance of the beneficial effect of abandoning Free Trade in favour of Protection.

It shows that the supposed excess in the increase of working-class savings in Sweden over that of the United Kingdom since 1888—when Sweden adopted Protection—is a misconception arising from the habit of the Swedes of putting nearly all their money into Savings Banks, instead of investing it in Provident and Friendly Societies Funds, as the wage-earning classes in the United Kingdom largely do. Figures are given which clearly prove that the alleged prosperity of the working classes in Sweden under Protection, as compared with that in the United Kingdom under Free Trade, is quite illusory, the very opposite being the real position. Attention is drawn to the high rate of emigration of skilled labour from Sweden, and statistics are furnished of emigration during two decennial periods under Free Trade and Protection respectively.

THE FOURTH CHAPTER deals with facts about our Home Trade. It points out that in his recent exposition of the movements of British commerce, Mr. Chamberlain ignores the great increase of domestic consumption that has followed the growth of population and wealth, an omission which vitiates the comparisons on which he bases his proposals for fiscal change. It shows that if due account is taken of this advance in home trade, the actual facts of life support conclusions exactly the opposite of those which he draws from the statistics. The Board of Trade computation as to the distribution of wages between the two main branches of trade, is cited as evidence that the increased demands of the home market together with a special illustration furnished by the history of the steel industry, fully compensate any slackening of the export trade.

THE FIFTH CHAPTER is devoted to a general exposure of the salient fallacies of the new Protection. The outlines of the policy, as stated by Mr. Chamberlain in his speech at Glasgow, are condensed for easy reference within the space of a paragraph. The scheme is then divided into six effective propositions, also deduced from Mr. Chamberlain's explanation of it. Each of these is concisely dealt with by way of answer and disproof, concrete instances being given where necessary to illustrate their unsoundness.

The specific fallacies refuted are (1) that the unity of the Empire would be secured by commercial reciprocity; (2) that the expansion of Colonial trade would make up for the loss of foreign trade; (3) that Protective taxation would increase profits, employment and wages; (4) that retaliatory duties would lead to a lowering of

foreign tariffs; (5) that Protective taxes would yield revenue without raising prices; (6) that the cost of living would be lower under Protective taxes on food than it now is under Revenue taxes.

The conclusion is that, notwithstanding their deceptive appearance of moderation, the new fiscal proposals are to be resisted as a form of Protection dangerous to national welfare and unity of Empire.

PART V. consists of a compilation of notable passages from speeches on the fiscal question delivered since Mr. Chamberlain propounded his policy of Preferential Trade at Birmingham on the 15th May, 1903, and in the House of Commons on the 22nd May. They may be summarised thus :—

Mr. Balfour.—A corn-tax, however small, is, to the extent of nearly one-fourth, a tax on feed-stuffs, the raw material of the farming industry.

Sir William McMillan.—A Preferential Tariff would bar the natural expansion of Australian trade with America, Japan, China, and India, the only directions in which great progress is being made.

Lord Rosebery.—Preferential Trade would be a bad bargain for the Mother Country, and would impair her capacity for Imperial defence.

Mr. Asquith.—Cobden's French Commercial Treaty was in no way Preferential, but was a measure of extended Free Trade with the whole world. The policy of Free Imports in the United Kingdom is of supreme importance to all parts of the Empire.

Mr. Asquith.—Preferential Trade is not desired by the major portion of the Empire. It means the certain sacrifice of four-fifths for the problematical advantage of one-fifth.

Mr. Winston Churchill.—Preferential Trade is one-sided Imperialism—a complete departure from Lord Beaconsfield's far-seeing statecraft.

Mr. Bryce.—Mr. Chamberlain's appeal to Cobden in favour of Preferential Trade is like citing Martin Luther as a supporter of Papal Indulgences. A British Imperial Zollverein is intelligible, though impracticable. Preferential Trade with all British Possessions is neither practicable nor intelligible.

Mr. Fielding (Canadian Minister of Finance).—The Mother Country has given Canada fiscal liberty. Canada asks for nothing more.

Lord Hugh Cecil.—If Canada and Australia have taken a false path the Mother Country should not follow them in it, but should endeavour to recall them from it by the example of her unbounded prosperity under a wise fiscal system. The Free Trade Budget of 1903 should set the fashion of Budgets for fifty years to come.

Mr. Winston Churchill.—Preferential Trade is the abnegation of true Conservatism, and would be a triumph for unconstitutional principles and corrupt politics. The people have not demanded

any change from the system which has brought prosperity, contentment, and a high standard of public life.

Sir Michael Hicks Beach.—Preferential Trade is dead against the traditions of the Unionist Party. Its adoption would destroy Unionism as an instrument for good, and injure the country while disuniting the Empire.

Mr. Ritchie.—The practical difficulties in the way of Preferential Trade cannot be got over without damage both to the United Kingdom and to the Colonies.

Sir H. Fowler.—The fiscal policy of the United Kingdom ought to be far above party controversy. To use it as a shuttlecock in a game of political battledore is to trifle with Imperial interests, and with consequences even wider than this Empire.

Mr. Austin Taylor.—Preferential Trade means playing tricks with a gigantic national organisation, and imperilling British sea-power, for the sake of insignificant objects.

Mr. Toulmin.—The unity of the Empire needs no cementing. A prolonged assault on the settled principles of British commerce would disturb the foundations of the national prosperity.

Sir John Gorst.—Free importation of food is vital to the physical and moral well-being of the nation, and is, therefore, at the root of true Imperialism. A great Imperial Power cannot be founded on a starved and degraded population.

Mr. Bryce.—The argument for Free Imports is an appeal not to obsolete authority, but to reason and common sense as applied to the circumstances at the present time. The new fiscal proposals are pervaded by impenetrable obscurity, out of which looms the spectre of Protection.

The Hon. Arthur Elliot.—Free Trade wherever the Imperial Government has control, is a grander idea than an artificial arrangement of local tariffs.

Lord Rosebery.—Agriculture has nothing to hope, but everything to fear, from a return to Protection.

Viscount Goschen.—Preferential Trade would be a gamble with the food of the people. The comfort and happiness, if not the very life, of millions would be staked on an absolute uncertainty ; and the throw of the dice cannot be withdrawn.

Viscount Goschen.—Ours is a living, not a dying, Empire , and its life is in the heart and brains of an Imperial race, not in any system of commercial bargains. " No Preference, No Empire " is a sordid creed, false to history and repugnant to patriotism.

Lord Avebury.—The rise of our colossal commerce coincides with our adoption of Free Trade principles. It cannot be maintained, if they are abandoned. Under Free Trade all trades live and let live. Under Protection no trade prospers except at the expense of others. Free Trade in the Colonies, not Protection at Home, is the true solution of the fiscal problem.

Marquess of Ripon.—A tax on the people's food would be the worst possible basis of Imperial Unity. The effect of Mr. Chamberlain's proposals is to set the masses in the United Kingdom against their colonial kinsmen.

Lord Brassey.—The fiscal independence of the Colonies has proved a complete safeguard against dissensions with the Mother Country. The almost insurmountable difficulties experienced by the Australian Commonwealth in framing a common Protective

Tariff for the six States should be a warning against any such attempt for the Empire.

The Earl of Jersey.—Preferential Trade would weaken the heart of the Empire, and would not strengthen the outlying parts.

Lord Balfour of Burleigh.—The responsibility for any change of the established fiscal policy must rest entirely on the Government who propose it, and cannot be put off as the result of a public inquiry.

Earl Spencer.—No inquiry is needed on the fiscal question. There have been four Conferences on it since 1870, and the result of them all was to show that Preferential Trade either is impossible or would be disastrous. The experience of the first half of the last century totally condemned both Preferential Trade and Retaliation. Both had a thorough trial, and both failed.

The Duke of Devonshire.—The welfare of the British people is the first consideration. Political expediency is as nothing in comparison. The condition of the nation to-day was created by Free Trade, and to lower that condition by a fiscal revolution would swiftly tend to the disintegration of the Empire.

Mr. Winston Churchill.—Preferential taxes would necessarily be paid for the most part by the poorest class of labourers. The incidence of the taxes would be equally cruel and unjust. In the event of war with a Maritime Power, we should have lost the greatest security we have for our food supply.

Mr. Asquith.—The launching of the Preferential Trade Scheme is the most serious blow that has been struck at the unity of the Empire in our time. The alleged provocation by foreigners is only a flimsy pretext. Every retaliatory duty would injure some British industry more than any foreign one.

Marquess of Ripon.—No British Minister has a right to say that the Empire can only be kept together by Preferential Tariffs. The Colonies, enjoying fiscal freedom themselves, cannot but concede to us the control of our own taxation.

Mr. Bryce.—Trusts are powerless under Free Trade, but all-powerful under Protection. They are the illegitimate offspring of tariffs. Retaliation would be ruinous to the United Kingdom, because it would deprive us of most favoured nation treatment. Being the largest exporting country, for every blow we strike at any foreign country, we should receive an equal blow from half a dozen others.

Sir Edward Grey.—Preferential Trade is merely the backward path to Protection. Retaliation never yet lowered tariff walls. It has invariably raised them higher. For us, Free Trade was desirable fifty years ago. To-day it is essential. The links of Empire must be bonds that attach, not bonds that chafe.

Sir Charles Dilke.—Any Government would be better for the country than a Protectionist Government. To the twofold proposal we must give a two-fold reply. We will not consent to a food tax, and we refuse Retaliation which is only a shelter for protected interests.

Sir Michael Hicks Beach.—Unionists are not going to be drummed out of the party for adhering to Unionist principles. The best friends of Unionism are those who save it from being identified with Protective taxation of food.

Viscount Goschen.—The opponents of Food Taxes may take

their part in the "big fight" without fear for the result. The danger that threatens will not come to pass, and the Unionist party will survive the struggle. Be firm.

The Duke of Devonshire.—Plain speaking is a British virtue. Let the Colonies clearly understand that they must forfeit their independence if they have Preferential Trade with the United Kingdom.

Mr. Macara.—Protective taxation of food and raw materials spells ruin for the cotton trade.

Sir Wilfrid Laurier.—The Colonies will never consent to part with any of their independence, not even for the maintenance of the British Empire. Let us go no farther. We are already at the parting of the ways.

Mr. Henry Hobhouse.—Preferential trade is not necessary to the Empire, and has not been demanded by the Colonies.

Sir John Gorst.—For the Conservative party to go to a General Election with Food Taxation for their cry means certain defeat. Conservatives must watch the proposal for Retaliation, lest taxes on food should be part of the policy.

Lord Hugh Cecil.—Protection will bring the country to ruin and the Conservative party to shame.

Mr. Ritchie.—The proposed new fiscal policy is merely a juggle which would impose a heavy burden on the consumer whilst involving a loss to the Exchequer. The profferred remission of duties would only compensate the new taxation to a fractional extent. Figures are given showing the true financial result.

Viscount Goschen.—The speech deals categorically with the proposed taxation of food for the purpose of preference to the Colonies. It shows the economic position in the United Kingdom compared with that in France and Germany, and traces the growth of protective taxation in those countries and its progressive effect in raising the cost of food, proving that the consumer pays it. It exposes the deception of remitting war taxes as a set-off against the imposition of permanent preferential taxes, which cannot afterwards be remitted without consent of the Colonies, and protests against the limitation of the fiscal independence of the British Parliament.

Lord George Hamilton.—So long as Free Trade is the policy of this country, and we believe that its working is beneficial to the country which adopts it, we have the moral right of imposing Free Trade on India. The cotton imports from Great Britain to India alone amount to £20,000,000; but if Free Trade is to be discarded as the policy of this country, and if the fact that the self-governing Colonies have established Protective duties against the Mother Country is to entitle them to preferential treatment we cannot deny to India the right of following their example. If such a change occurred the loss in our export trade to India would more than outweigh any increase we might obtain from the self-governing Colonies.

Part VI. deals with the political incidents which resulted from the fiscal controversy in September and October, 1903. It includes Mr. Chamberlain's letter of resignation and Mr. Balfour's reply; Mr. Balfour's declaration of policy at Sheffield; the Duke of Devonshire's letter of resignation and Mr. Balfour's reply; and the

Manifesto of the Unionist Free Food League on the Duke of Devonshire becoming its President.

In his letter, Mr. Chamberlain reproaches the adherents of Free Imports for having aroused public feeling against food taxes, instead of discussing the question impartially while he is preparing for the next General Election.

He admits that their arguments have prevailed with the populace, and that now no policy involving the smallest Protective taxation of food would be tolerated.

He points out that Retaliation is less odious and might be carried if presented under the guise of negotiation for freer exchange of commodities.

He, therefore suggests that he should retire from office, to be free to popularise food taxes in his own way, while Mr. Balfour reconstructs the Ministry with a view to bringing in a Retaliation Tariff.

In his reply, Mr. Balfour declares himself at one with Mr. Chamberlain in favour of Preferential Trade, but recognises that the taxation of food is too unpopular to be carried at present.

He accepts the suggestion that Retaliation should be made the policy of the Government in the first instance, and he acquiesces in Mr. Chamberlain's resignation, with the object of compassing the taxation of food later by his influence outside.

In a postscript, he approves of Mr. Austen Chamberlain remaining in the Ministry as an evidence that Mr. Chamberlain, senior, consents to the exclusion of taxation on food from the party programme under existing circumstances.

Mr. Balfour's speech at Sheffield formally announced the total rejection by the Government of the principle of taxation for revenue only.

In his letter of resignation the Duke of Devonshire objects to the tenour of Mr. Balfour's speech at Sheffield on the ground that it repudiated the fundamental principle of Free Trade and announced a reversal of it as the policy of the Government. The Duke says he cannot defend that policy, as the leader of one of the Houses of Parliament, and he, therefore, resigns his office.

Mr. Balfour contends, in reply, that he had understood the Duke of Devonshire to assent to the policy indicated in his letter to Mr. Chamberlain of the 16th September. He complains of the Duke resigning on the Sheffield speech at a moment of exceptional difficulty for the Government, but professes his confidence that the policy announced in his speech can be carried.

The Duke of Devonshire, whose resignation of office was announced on October 6th, was elected President of the Unionist Free Food League on October 23rd, a manifesto being issued by the latter announcing their opposition to the substitution of a general Protective System for a policy of Free Imports.

PART VII. consists of extracts from Mr. Chamberlain's speeches on fiscal policy at various periods, showing that he formerly held the opinions which he now condemns. His utterances may be briefly summarised thus :—

1881.—If ever the working classes were duped into submitting to food taxes, the result would be more dangerous and disastrous

than anything seen in this country since the repeal of the Corn Laws. A food tax would decrease wages, raise the price of every article of consumption, and destroy the export trade. Page 151.

1882.—Protection and Preferential Trade are the same thing. The difference between them is a problem in casuistry, not a question of practical politics. Page 151.

Protection is always introduced insidiously under a temporary disguise, but when once artificial industries have been established under it, they become such a power that it is almost impossible to shake off the yoke. Page 152.

American shipbuilding and shipping trade have been ruined by Protection. Americans themselves are beginning to see the folly of their policy. Page 152.

Fair Traders are always complaining that other countries are progressing in a greater proportion than we are. There is no proof of that, but if it were true, comparison by "proportion" is absurd. The true measure of a country's prosperity is to take both her exports and her imports. Page 152.

It is impossible to tax food without raising its price. Unless the price is raised, the Colonies would not benefit by preference. Only one-third of a corn tax goes to the revenue. Two-thirds go to the landlords. Any such tax, if ever adopted, will be swept away directly hard times come. Page 153.

Taxes on foreign food, to give a preference to the Colonies, mean starvation to this country, because the Colonies cannot supply our wants. Retaliation is a game that two can play at—a risky game in which we should be beaten. Page 153.

1883.—Protection is a system by which the few are enabled to enrich themselves at the expense of the many. The arguments against it which Cobden used remain unshaken to this day. Truth and reason will prevail. Protection in America is an advantage to the United Kingdom. Page 154.

1896.—Preferential Trade is impossible unless there is to be Free Trade throughout the Empire, with taxes on foreign corn, meat, wool, sugar, and other articles of consumption in the United Kingdom which are produced in the Colonies. Page 155.

British trade with Germany is highly satisfactory, and, on the whole, is increasingly in favour of British exports. Alarmist views about German commercial progress are unfounded, and derogatory to British influence and power. Page 155.

1902.—The Empire can only be self-sustaining if we dispense with foreign trade and have inter-Imperial Free Trade. If we cannot get that all at once, we might get nearer to it by reciprocal trade. Page 156.

Canada formerly taxed British goods so heavily that the importation continuously and rapidly declined. The preference given in 1897 only partially checked the decline. The Canadian tariff still presses most severely on British goods and favours the foreigner. Page 157.

1903.—You cannot weaken the centre without destroying all that depends upon the centre. If you want an Empire, you must be strong and united at home. Page 157.

A mistake in Imperial policy is irretrievable. Page 158.

We are all Free Traders. I am perfectly certain that I am not a Protectionist. Page 158.

There is no plan for a new Tariff scheme, a new fiscal arrangement or reciprocity treaty. No such question has been raised. Page 158.

If you are to give a preference to the Colonies, you must put a tax on food. Without binding myself, it will not be necessary to tax raw material. When we get a mandate, it will be time to produce a plan. Preferential trade would increase the cost of living, but wages would rise also, and the working classes would be no worse off. Page 158.

If we have reciprocal preference, the preference must be given on some great product of the Colonies—raw material, or food, or both. Page 159.

The working classes would pay three-fourths of the tax, and they ought to receive back the whole. Page 159.

A Preferential Tariff would produce a very large revenue. The Corn Tax would be a protection for the farmer. Page 159.

We are the dumping ground of the world. Retaliatory duties are absolutely necessary. Page 160.

The proceeds of the Preferential Tariff must be used for Old Age Pensions. I would not look at the matter otherwise. Page 160.

The Corn Tax of 1902 was paid in the United States, and did not fall in any way on the British consumer. But, even if Preferential Trade should raise the price of food, the rate of wages will certainly be raised in greater proportion. Page 160.

Man does not live by bread alone. If the working classes will not have Old Age Pensions, to compensate the protective taxes on food, they can have the same amount back in remission of duty on tea, sugar, and tobacco. Page 160.

When we have the money, it will be time to say what to do with it. Page 161.

There should be import duties against all foreign goods produced in countries where British Factory Acts and Trades Union rules are not in force, or where sweating prevails. Page 161.

Our fiscal system is humiliating, because it prevents us going to the assistance of our Colonies when they complain of foreign retaliation. If this continues, I do not believe in the future union of the Empire. Page 161.

Are not our greatest and oldest industries threatened by foreign competition, and may they not at any moment be overwhelmed by dumping? Page 162.

We did not raise the question of taxing food to give a preference to the Colonies. The Premiers asked for it at the Colonial Conference. If we do not give it them, the destiny of the British race will be changed, and the Empire will fall to pieces and separate atoms. Page 162.

The progress of protected commerce in the United States and Germany has been in much greater proportion than the progress of Free Trade in the United Kingdom. Page 162.

Preferential Trade is the only system by which this Empire can be kept together. Page 162.

Difference of opinion on the fiscal question does not imply any imputation of disloyalty to the Unionist party, or any evil motives, and does not involve proscription. Page 162.

Trade in the United Kingdom has been stagnant for thirty years. The exports of 1902 compare badly with those of 1872. There has been a great decrease of exports to protected foreign countries,

and a great increase of exports to British possessions. Altogether, there has been a loss of exports of 46 millions since 1872. An expansion of our Imperial trade is absolutely essential to our prosperity. If we do not obtain it we shall sink at once into a fifth-rate country, and share the fate of the empires of the past. Our own Colonies have raised tariff walls and set up protected industries against us. We must arrest this process at its present stage, and secure the monopoly of all future development of Colonial trade. This can only be done by reciprocal preference. We must give Colonial products the sole access to our markets, while the Colonies must give our manufactures the sole access to theirs, and must cease to promote local industries in competition with ours. We shall thus make the Empire wholly self-sustaining. In order to do this, we must tax food, but that will not increase the cost of living. The new duties on food, which are specified in detail, will be balanced by remissions of duties on revenue articles; and, as the foreigner will pay the new taxes, the British working classes will be gainers by from 2d. to 2½d. a week. This will involve a loss to the Exchequer of £2,800,000 a year, but this will be made up by an average tax of 10 per cent. on imported foreign manufactures, and a balance of £6,200,000 will be left for further reduction of food taxes and of the income-tax. This is scientific taxation, while revenue duties are profitless taxation. Scientific taxation, while bringing in a great sum to the Exchequer, does not add to the cost of living, but is only a transfer of taxation from one item to another. The Colonies will consent to this scheme out of loyalty and patriotism, and the British people will submit to it in order to prevent the disintegration of the Empire. Page 163.

PART 1.

NATIONAL PROSPERITY.

CHAP.

I. THE EVIDENCE OF INCOME TAX.
II. THE EVIDENCE OF FOREIGN TRADE.
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PART 1.

National Prosperity.

CHAPTER I.

THE EVIDENCE OF INCOME TAX.

NOTE.—Table I. is taken from page 2 of the Return "Condition of Trade and People." House of Commons; ordered 12th August, 1903. Tables II. and III. are taken from the Forty-sixth Report of the Commissioners of Inland Revenue, published 19th August, 1903.

THE advocates of Protective taxation point to the excess of imports over exports in our foreign trade as a sign of national impoverishment. They say that, in order to "buy" so much more than we "sell," we must be living on our capital and thus bleeding to death. Mr. Seddon, Premier of New Zealand, one of the most prominent champions of Preferential Trade, stated this theory in its plainest form, when he said: "The United Kingdom imports £160,000,000's worth of goods more than she exports. This means that the British people, by their system of free imports, are losing 160,000,000 golden sovereigns every year."

Others who have made a careful study of the subject are of opinion that the excess of imports over exports is to be accounted for in a different way. They hold that the total sum of imports includes (1) the profit on the sale of the exports; (2) the profits on carrying both exports and imports; and (3) the profits, dividends, or interest, from British investments abroad.

None of these receipts are paid in cash, but all are

paid in merchandise. It is contended, therefore, that the value of the goods imported, over and above the value of the goods exported, is not a diminution of the national wealth, but an addition or increment to it. If this view is the correct one, it should prove itself by a progressive increase in the national income as ascertained by the Commissioners of Inland Revenue. If, on the other hand, the view that by importing more than we export we are living on our capital and bleeding to death is correct, the process of exhaustion must inevitably appear in the decline of the national income. The following figures taken from the latest official returns should be sufficient to decide this point :—

TABLE I.

Year.	Total Exports.	Total Imports.	Gross Incomes.	Income Tax Yield of each penny.
	£	£	£	£
1861	160,000,000	217,000,000	311,890,503	1,162,250
1871	284,000,000	331,000,000	445,670,197	1,654,277
1881	297,000,000	397,000,000	560,064,336	1,915,683
1891	309,000,000	435,000,000	678,193,442	2,238,130
1901	348,000,000	522,000,000	866,993,450	2,531,462

This shows that while the annual excess of imports over exports rose during the 40 years between 1861 and 1901 from £57,000,000 to £174,000,000, the gross incomes increased by no less than £555,000,000, representing the interest on the accumulated capital added to the wealth of the nation during that period. The yield of each penny in the pound of Income Tax increased between 1861 and 1901 by £1,319,212. That is to say, it more than doubled itself, notwithstanding the substantial exemptions and relief of small incomes by the Finance Acts of 1894 and 1898.

Further to illustrate how the wealth of the nation has increased simultaneously with an increasing excess of imports over exports, a comparison of Income Tax

returns for two periods of seven years will be found instructive :—

TABLE II.

Seven Years' Period.	Gross Income dealt with.	Income on which tax was received.	Seven Years' Period.	Gross Income dealt with	Income on which tax was received.
	£	£		£	£
1868-69 to 1875-76	398,794,000 544,376,000	344,772,000 474,740,000	1894-95 to 1901-02	657,097,000 866,993,000	475,680,000 607,551,000
Increase	145,582,000 36·5 per cent.	129,968,000 37·7 per cent.	Increase	209,896,000 31·9 per cent.	131,871,000 27·7 per cent.

The seven years' period, 1868-69 to 1875-76, has been taken for the purpose of this comparison because it was one of extraordinary prosperity in British trade, owing to the enormous demands of the United States for our goods after the close of the Civil War and to the interruption of Continental competition by the Franco-German war. In the seven years' period ending March 31st, 1902, our trade has enjoyed no such special advantages, but, on the contrary, has been depressed by the war in South Africa and the long cessation of the gold and diamond mining industries there. Yet the percentage of increase in the gross income dealt with during this latter period, was only 4·6 less than the percentage of increase during the former period of unexampled prosperity. The percentage of increase in the income on which the tax was received, was less in the latter period than in the former by exactly 10 per cent. ; but that is clearly attributable to remission of taxation on small incomes on two occasions within the latter period. ON THE WHOLE, THE COMPARISON AFFORDS UNQUESTIONABLE PROOF OF A CONTINUOUS AND PROGRESSIVE ACCUMULATION OF PRODUCTIVE WEALTH, CORRESPONDING TO THE CONTINUOUS AND PROGRESSIVE EXCESS OF IMPORTS OVER EXPORTS.

If it is objected that the Income Tax returns alone are no gauge of the monetary condition of the mass of the people, because only a limited class make returns, the objection may be met by figures showing the progress of the entire Inland Revenue over a long period of years thus :—

TABLE III.

Year.	Gross amount collected by the Inland Revenue Department.	Percentage of cost of collection.
1847–48	£32,811,691	4·42
1855–56	44,937,552	3·46
1865–66	40,806,029	3·79
1873–74	44,703,764	3·68
1883–84	51,267,686	3·67
1893–94	60,261,032	3·29
1901–02	98,870,175	2·28
1902–03	103,429,916	2·24

The gross amount of the Inland Revenue is a sure test of the spending power of all classes, from richest to poorest, because it includes every tax they pay, except Customs duties. The advance from £32,000,000 in 1847-48 to £103,000,000 in 1902-03—an increase of over 200 per cent. during the period of unrestricted imports—is an unanswerable testimony of general welfare. On the other hand, the decrease in the cost of collection from £4 8s. per £100 to £2 4s. points to the increasingly favourable economic condition of the people under a system of taxation which affords the maximum of liberty to the individual taxpayer.

CHAPTER II.

THE EVIDENCE OF FOREIGN TRADE.

NOTE.—Table IV. is compiled from figures on page 2 of the Return "Condition of Trade and People." House of Commons; ordered 12th August, 1903.

Supporters of Preferential tariffs ask for a reversal of the policy of Free imports which has prevailed in the United Kingdom for the last fifty years, on the ground that it has stimulated the consumption of foreign goods at the expense of the home industries and especially of those who manufacture for export.

The supporters of Free importation, on the other hand, maintain that far from injuring the home industries and those who manufacture for export, that policy greatly assists them by supplying their labour with cheap food and their workshops with cheap materials, and by opening new markets to their productions in the consequent interchange of commodities.

The proof of these contentions, one way or the other, should be found in the actual progress of the foreign trade of the country, more particularly the export trade, over a long lapse of years, including both the period of restricted importation and the period of Free importation. For this purpose, the following figures cannot but carry great weight.

TABLE IV.

Year.	Population (Millions).	Exports. Total value.	Exports. British and Irish produce and manufactures. Total value.	Imports. Total value.	Total Foreign Trade. Value.	Total trade per head of population
		£	£	£	£	£
1801	—	Cannot be given because the value of the re-exports of foreign and Colonial products is not recorded for these years.	42,000,000			
1811	—		35,000,000			
1821	20·9		36,000,000	Cannot be given, because the real value of imports was not ascertained prior to 1854.		
1831	24·0		37,000,000			
1841	26·7		52,000,000			
1851	27·4		74,000,000			
1861	28·9	160,000,000	125,000,000	217,000,000	377,000,000	13·0
1871	31·5	284,000,000	223,000,000	331,000,000	615,000,000	19·5
1881	34·9	297,000,000	234,000,000	397,000,000	694,000,000	19·9
1891	37·7	309,000,000	247,000,000	435,000,000	744,000,000	19·7
1901	41·4	348,000,000	280,000,000	522,000,000	870,000,000	21·0
1902	41·9	349,000,000	283,000,000	528,000,000	877,000,000	20·9

In examining the above figures, it should be noted that from 1801 to 1831 is the period within which the Corn Laws and the whole system of Protective taxes on imports were in full force. Between 1831 and 1841 those taxes were first relaxed. Between 1841 and 1851 the Corn Laws were totally repealed and went out of operation, and the present system of unrestricted importation was to a large extent established. From 1851 to 1902 is the period during which the system of Free imports was finally achieved by the abolition of all Protective taxes, and has been steadfastly maintained as the fiscal policy of the United Kingdom.

We here have an inclusive view of the nineteenth century, divided into four distinct periods of fiscal treatment of imports, thus :—

TABLE V.

30 years	1801 to 1831	Corn Laws and Protective taxes in full force.
10 years	1831 to 1841	Corn Laws and Protective taxes first relaxed.
10 years	1841 to 1851	Corn Laws repealed and Protective taxes largely remitted.
51 years	1851 to 1902	Imports entirely free of Protective taxes.

Now compare these four periods of fiscal treatment of imports with the four corresponding periods of exports of British and Irish produce and manufactures, thus :—

TABLE VI.

30 years	1801 to 1831	Exports fell from £42,000,000 to £37,000,000.
10 years	1831 to 1841	Exports rose from £37,000,000 to £52,000,000.
10 years	1841 to 1851	Exports rose from £52,000,000 to £74,000,000.
51 years	1851 to 1902	Exports rose from £74,000,000 to £283,000,000.

This comparison shows the effect of restricted importation and free importation respectively, on export trade, in the clearest possible light. During the 30 years of extreme restriction, exports did not expand at all, but fluctuated between a shrinkage of £7,000,000 and a shrinkage of £5,000,000. During the 10 years of slight relaxation, exports expanded by £15,000,000, an average of £1,500,000 a year. During the 10 years of larger relaxation, exports expanded by £22,000,000, an average of £2,200,000 a year. During the 51 years of complete freedom, exports have expanded by £209,000,000, an average of £4,098,000 a year. This is conclusive proof that unrestricted importation, instead of injuring export trade, is a powerful and certain means of promoting it.

After this, the most important fact brought out by the tables of foreign trade is that, under the policy of Free importation the United Kingdom has become the mercantile exchange of the world.

Until the establishment of the system of open ports, the re-export of foreign and colonial products was so insignificant that no record of it was kept. During the first 10 years of the Free import period, however, an *entrepôt* trade had grown up which amounted in 1861 to £35,000,000. During the 41 years from 1861 to 1902, this has increased to £66,000,000. Upon this volume of business—which accrues solely from the convenience of our free ports where no Customs entries have to be passed, no duties have to be paid, and no

bond securities have to be given—the United Kingdom enjoys the profits (1) of freights inwards and outwards, (2) of handling and warehousing in transit, and (3) of insurance, without contributing a shilling towards the cost of the merchandise dealt with.

Lastly, attention should be paid to the column in the table showing the total trade per head of the population at different periods. This shows that under our system of Free importation, whereas every man, woman, and child in the United Kingdom, on the average, had a share in the foreign trade amounting to £13 in 1861, when the population was only 29 millions, every man, woman, and child, on the average, had a share in the foreign trade amounting to £20 18s. in 1902, when the population had risen to 42 millions. Though the benefits of this are indirect, it really signifies a degree of wealth, comfort, and standard of living far above that of any other nation, and undreamt of in this country at any previous period.

CHAPTER III.

THE EVIDENCE OF SHIPPING.

NOTE.—The Tables are compiled from the Board of Trade Return 290 of 1903. "Progress of Merchant Shipping."

ONE of the reasons alleged by the advocates of Protective taxes on imports, for reversing the fiscal policy of the United Kingdom, is the critical position of British shipping. It is said that though for many years we held the undisputed mastery of the seas, our position is now seriously threatened by foreign countries, which have built up their commerce by means of tariffs, and fostered their mercantile marine by means of bounties, subsidies, and exclusive navigation laws.

The circumstances which apparently made our system of free ports successful forty or fifty years ago are declared to have completely changed since our commercial rivals adopted these aggressive measures, and our maritime supremacy is represented as being now in grave danger from hostile combinations, against which we are helpless to defend ourselves. Germany and the United States are indicated as our most formidable assailants.

The unimpaired prosperity of British shipping is a matter of such vital importance not only to the United Kingdom, but to the whole Empire, that if these apprehensions regarding it are well founded, the situation must be admitted to be extremely alarming. On the other hand, if there is no foundation for them, if they merely arise from panic or from want of information, it is highly necessary, in the public interests, that they should be effectively disproved.

The latest official figures having special reference to the relative progress and present position of British and foreign shipping are as follows :—

TABLE VII.

Tonnage of the Merchant Navies of the Principal Maritime Countries in the Oversea Trade.

Year.	United Kingdom.	British Possessions.	Germany.	United States.	Norway.	France.	Italy.	Japan.	Sweden.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1840	2,768,262	543,276	..	899,765	276,697	662,500	..	..	..
1850	3,565,133	667,829	..	1,585,711	298,315	688,153	..	..	..
1860	4,658,687	1,052,281	..	2,546,237	558,927	996,124	..	..	..
1870	5,690,789	1,458,345	982,355	1,516,800	1,022,515	1,072,048	1,012,164	..	346,862
1880	6,574,513	1,872,658	1,181,525	1,352,810	1,518,658	919,298	999,196	89,309	542,642
1890	7,978,538	1,709,550	1,433,413	946,695	1,705,699	944,013	820,716	145,692	510,947
1895	8,988,450	1,516,212	1,502,044	838,186	1,604,965	887,078	776,077	386,163	483,003
1896	9,020,282	1,483,025	1,487,577	844,954	1,566,558	894,071	765,281	417,643	496,819
1897	8,953,171	1,463,271	1,555,371	805,584	1,552,199	920,871	786,644	486,909	524,126
1898	9,001,860	1,458,783	1,639,552	737,709	1,558,378	900,288	815,162	648,324	557,386
1899	9,164,342	1,437,857	1,737,798	848,246	1,534,934	957,756	873,054	796,930	587,669
1900	9,304,108	1,447,284	1,941,645	826,694	1,508,118	1,037,726	945,008	863,938	613,792
1901	9,608,420	1,511,968	2,093,033	889,129	1,467,089	1,110,988	999,918	917,879	640,211
1902	10,054,770	1,511,975	..	882,555	..	..	..	..	..

From this it will be seen that the shipping of the United Kingdom is greater than that of all the other countries enumerated put together. It is more than four

times as great as that of Germany, and more than eleven times that of the United States. From 1870 to 1901, United States shipping fell off by 627,671 tons, and there was a further falling off of 6,574 tons in 1902. German shipping increased by 1,110,678 tons. The shipping of the United Kingdom increased by 3,917,631 tons, considerably more than three times the increase of German shipping in the same period. There is scarcely any increase of French shipping. Norwegian shows a heavy falling off since 1890. Italian is less than in 1870. Japanese shows the most remarkable progress of all—more than five times as great as that of Germany; but it is still quite insignificant compared with the shipping of the United Kingdom.

There is nothing in these figures to cause uneasiness as to the position of British shipping. On the contrary, they prove that it is well maintained, and is progressing in a constantly increasing ratio.

The most striking feature in the Table is the rapid and continuous decline in the oversea shipping of the United States ever since the adoption of severe restrictions on imports at the time of the Civil War, 1860-65, notwithstanding the enormous increase of the general trade of the country.

The growth of German shipping from 982,355 tons, in 1870, to 2,093,033 tons in 1901, has only been achieved by the lavish assistance of public money, and is largely artificial. Yet, even so, the rate of progress is small in proportion to the commercial expansion of the Empire during the same period, and does not signify any serious invasion of British fields of enterprise.

It will be noticed that the shipping of British Possessions, outside of the United Kingdom, has not fulfilled its early promise, but has fallen off to a marked extent since 1880. The whole of this falling off must be assigned to Canada, whose shipping declined from 1,237,848 tons, in 1880, to 653,335 tons in 1902, a loss of 584,513 tons in 22 years, notwithstanding that the foreign trade of the Dominion increased during that period from £34,000,000 to £84,000,000. The

cause of this is undoubtedly the policy of heavy import duties instituted in 1875-80. The shipping of all other British Possessions shows a gradual increase corresponding to their commercial progress, New Zealand displaying more maritime activity than any other.

The preceding Table relates to sailing and steam vessels together; but as the tendency of the world's commerce is very decidedly towards steam traffic, a short Table showing the progress of steam shipping only will be useful, thus :—

TABLE VIII.

Tonnage of the Merchant Steam Navies of the Principal Maritime Countries in the Oversea Trade.

Year.	United Kingdom.	British Possessions.	Germany.	United States.	Norway.	France.	Italy.	Japan.	Sweden.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1895	6,121,555	422,900	879,939	252,045	321,052	500,568	220,508	541,369	181,276
1896	6,284,306	436,397	889,960	264,882	351,799	503,677	237,727	373,588	205,964
1897	6,363,601	473,364	969,800	258,474	383,120	499,409	259,817	438,779	234,636
1898	6,613,917	496,296	1,038,391	294,064	437,570	485,615	277,520	477,430	265,994
1899	6,917,492	505,912	1,150,159	360,030	482,247	507,120	314,830	510,007	298,421
1900	7,207,610	532,188	1,347,875	341,342	505,443	527,551	367,844	543,366	325,105
1901	7,617,793	571,830	1,506,059	429,722	531,142	546,541	424,711	583,067	341,622
1902	8,104,095	587,162	..	458,825	..	..	..	..	..

This shows that in 1901 the steam tonnage of the United Kingdom exceeded that of all the other countries together by 2,683,099 tons, and that it increased in 1902 by 486,302 tons, which is equal to the whole merchant steam navy of a small

maritime country, and only short of that of the United States by 72,523 tons. In 1901 the registered steam tonnage of the United Kingdom exceeded that of all the rest of the world by over 1,250,000 tons.

The clear teaching of these figures is that under our system of free ports British shipping has thriven amazingly; that tariffs, bounties, subsidies, and exclusive navigation laws in other countries have totally failed to advance their shipping in competition with ours; and that no artificial methods of opposition have had any effect on the stability or natural growth of our great national industry.

In regard to this system of free ports, it is alleged that injury is done to British interests by foreigners using our open markets without giving us any recompense for the privilege. There are direct ways, and there are indirect ways, of paying for privileges or accommodation, and sometimes indirect ways are the most convenient for those who pay and the most profitable for those who receive the consideration. The following Table is designed to show whether this is the case or not with regard to the access of foreigners to the markets of the United Kingdom :—

TABLE IX.

Year.	British Shipping. Total Tonnage.	British Tonnage Entered and Cleared in the Ports of the United Kingdom.	Foreign Tonnage Entered and Cleared in the Ports of the United Kingdom.	Increase or Decrease. British.	Increase or Decrease. Foreign.	Excess of Increase. British or Foreign.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1802	1,986,076 (1803)	2,510,229	937,831	..	..	..
1811	2,247,322	1,756,633 (1810)	2,314,770 (1810)	— 753,596	+ 1,376,939	F 2,130,435
1821	2,355,853	3,087,918	780,042	+ 1,331,285	— 1,534,728	B 2,866,013
1831	2,224,356	4,668,053	1,770,656	1,580,135	+ 990,614	B 599,521
1841	2,935,399	6,790,490	2,628,057	2,122,437	857,401	B 1,265,036
1851	3,662,344	9,820,876	6,159,322	3,030,386	3,531,265	F 500,879
1861	4,806,826	15,420,532	11,175,109	5,599,656	5,015,787	B 583,869
1871	5,694,123	28,034,748	13,513,130	12,614,216	2,338,021	B10,276,195
1881	6,691,996	41,543,259	16,406,286	13,508,511	2,893,156	B10,615,355
1891	8,279,297	53,957,435	20,855,185	12,414,176	4,448,899	B 7,965,277
1901	9,608,420	62,789,841	34,561,172	8,832,406	13,705,987	F 4,873,581
1902	10,054,770	64,902,907	34,969,812	2,113,066	408,640	B 1,704,426

These figures give a complete picture, and a most interesting one, of the carriage of merchandize in and out of the markets of the United Kingdom during the past century. It will be seen that during the early years of the nineteenth century, when we were alternately at peace and war with France, Spain, and the United States, the relative tonnage of British and Foreign shipping doing business in our ports fluctuated violently. Those were the palmy days of privateering; and while we were at war with any other maritime Power, the greater part of the trade went under neutral flags. On the other hand, whenever we were at peace, whilst other nations were at war, nearly the whole trade was carried in British bottoms. We entered on the long peace in 1815, and accordingly we find that during the fifty years between 1811 and 1861, while there was a gradual increase in the general trade, and in the total British tonnage afloat, there were none of the disturbances in the national shipping business which had occurred so frequently during the wars. Our ports, however, were not open to trade until quite the latter part of the period; and the figures show that we had no marked or steady preponderance over foreigners in the carrying business of our own ports. There was no longer more foreign tonnage there than British, as there was in 1802-1811; but, even so late as 1851-1861 British tonnage was only about 40 per cent. greater than foreign, and the increase of foreign tonnage kept pace with, and sometimes exceeded, that of British. The period 1861-1871 corresponds with the perfecting of the system of Free Imports that was begun in 1846; and there is no mistaking the evidence of the shipping figures for those ten years. The total trade rose from 26,595,641 tons to 41,547,878 tons, an increase of 14,957,237 tons; and of this the British increase was 12,614,216 tons, and the foreign only 2,338,021 tons, the excess of British increase being 10,276,195 tons. This immense preponderance grew still greater during the succeeding ten years, 1871-1881, when the forces of Free Importation were in full play the whole time;

the foreign tonnage only amounting to two-fifths of the British. Even that small proportion showed a further falling off in 1881-1891.

The ten years 1891-1901 include the three years' war with the Boers, during which the whole of our commerce with South Africa was at a standstill, and a large part of our floating tonnage was employed on military purposes. This is excluded from the figures in the Table, and accordingly we find the British increase only 8,832,406 tons, against a foreign increase of 13,705,987—the excess of foreign increase being 4,873,581 tons. In the single year of returning peace, 1901-02, however, this order of things was again reversed, the British gaining on the foreign by 1,704,426 tons. Should this rate be maintained throughout the first ten years of the new century, as in all human probability it will be, the foreign tonnage frequenting British ports in 1911 will have dwindled to a mere insignificant fraction of the whole. By 1921 the entire business will be done in British ships, to the great enrichment of all classes of inhabitants of the United Kingdom.

IN THIS WAY FOREIGNERS PAY HANDSOMELY FOR ACCESS TO OUR MARKETS, WHILE WE GET THE INCALCULABLE BENEFIT OF UNTAXED FOOD AND RAW MATERIALS.

Table X. will be found useful in order to show the relative progress of the four principal shipbuilding countries, as accurately as it can be ascertained.

To make the figures given clear, it is necessary to point out that the United Kingdom is the ONLY COUNTRY WHICH SUPPLIES ITS OWN NEEDS AND ITS FOREIGN CUSTOMERS FROM ITS OWN SHIPBUILDING YARDS. All the others buy a large proportion of their shipping from abroad. Both France and Germany buy much more than they build, and of late years the United States have done the same. They regularly sell their old, obsolete ships to their poorer neighbours and buy new ones from us. The built ships and bought ships were given together in the earlier returns for

TABLE X.

Tonnage Built and Tonnage sold Abroad, in the United Kingdom, United States, France, and Germany.

	United Kingdom.		United States.		France.		Germany.	
Year.	Built.	Sold Abroad.	Built.	Sold Abroad.	Built.	Sold Abroad.	Built.	Sold Abroad.
	Tons.	Tons.	Tons.	Tons	Tons.	Tons.	Tons.	Tons.
1859	212,744	26,774	156,602	30,850	..	..	..	..
1869	388,092	33,815	275,230	19,063	..	..	..	..
1879	405,991	49,156	193,031	43,312	24,733	8,323	30,013	8,741
1889	854,729	183,224	231,134	9,871	32,502	18,828	77,706	61,146
1899	949,011	199,596	300,038	22,609	68,276	13,135	103,311	43,534
1900	944,267	207,361	393,790	12,081	89,299	17,540	118,828	46,864
1901	983,133	207,452	483,489	14,567	105,682	18,452	101,886	40,975
1902	950,425	150,051	468,831	7,400	..	..	..	..

France and Germany; so that 1879 is the first year for which the comparison is complete for all four countries. The column "sold abroad" for the United Kingdom includes new ships built to order only. The same column for all the other countries includes new and old—in fact, every sort of craft sold out of the Register.

A special explanation must be made further as to each of the three foreign countries, not at all in depreciation of them, but to put the figures in their true light.

The returns for the United States include canal boats and barges, which amount to about one-seventh of the whole tonnage built, and ought to be deducted to make the comparison fair. They also include all the tonnage built for lake and river traffic in the interior of the country. This was 144,784 tons in 1900; 191,973 tons in 1901; and 178,709 tons in 1902. If these figures also are deducted, it will be seen that the United States' shipbuilding for sea-borne trade is very small. The apparently large increase in 1900, 1901, and 1902, is solely attributable to Government orders for forty-one warships, at an aggregate cost of £18,000,000, and a number of dredgers for the new naval ports.

In any comparison between United States' shipping and the shipping of other countries, these facts ought to be clearly stated; otherwise a totally wrong impression will be given. The real condition of American shipbuilding can best be gathered from the figures of the tonnage sold abroad, which show a decline approaching complete cessation.

As to France, it will be noticed that the tonnage sold abroad amounts to a very large proportion of the tonnage built. Yet the French buy a great part of their best shipping abroad. This anomaly is accounted for by the high bounties paid by the Government on tonnage built in France, a system which makes shipbuilding there little better than an artificial industry. Many of the bounty-built ships are of light construction, and are regularly sold into the Spanish and Mediterranean coasting trade at little, if anything, above cost.

In Germany the vast subsidies paid by the Government to ocean steam lines have stimulated the building of steamers of the largest size and best construction for passenger traffic, which runs up the tonnage to imposing figures, just as the bounty system does in France. Yet for ordinary commercial purposes, Germany still buys far more than she builds. In 1901 she bought 177,007 tons, and built 118,000 tons; and in 1902 she bought 139,038 tons, and built only

101,886 tons. We have no rivalry to fear in that direction. The following Table, studied with the other, gives a very instructive view of national maritime progress :—

TABLE XI.

Tonnage Added to the Merchant Navies of the United Kingdom and the Principal Maritime Countries, 1893-1902.

Year.	U.K.	Norway.	Sweden.	Denmark.	Germany.	Holland.	France.	Italy.	U.S.A.	Japan.
	Tons.	Tons.	Tons	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1893	532,768	104,042	17,285	25,499	90,865	17,942	39,412	26,749	211,639	..
1894	604,181	93,797	10,210	26,739	131,076	27,270	45,105	32,098	131,195	..
1895	558,401	113,346	21,709	27,426	119,215	23,480	51,360	41,714	111,602	..
1896	545,588	88,481	43,124	30,105	139,764	21,708	68,113	37,606	227,097	26,653
1897	489,835	108,144	58,998	26,780	153,498	35,931	82,464	65,968	232,233	50,753
1898	709,870	144,789	70,442	54,099	181,343	44,607	67,642	79,878	180,458	78,981
1899	792,307	109,203	74,480	47,531	184,591	38,514	106,163	114,699	300,038	64,056
1900	784,986	94,407	56,087	16,972	295,835	51,407	132,436	123,294	393,790	61,908
1901	773,917	84,586	53,297	21,850	240,942	70,128	137,302	112,741	483,489	71,545
1902	797,243	..	..	..	..	54,913	..	..	468,831	..

The above figures, read in the light of the remarks preceding the Table, prove conclusively that, without the aid of bounties or subsidies, but with the advantage of free imports of food and raw materials, the ship-building of the United Kingdom is holding its own triumphantly. Of all the tonnage added to the merchant navies of the ten principal maritime countries, two-fifths are an addition to the British Merchant Navy, and fully three-fifths are built in British yards.

CHAPTER IV.

THE EVIDENCE OF THE FLAG.

NOTE.—The Tables are compiled from the Board of Trade Return 290 of 1903. "Merchant Shipping, 1902."

ONE of the most profitable results of the British policy of Free Imports is that, while we do the whole of our own trade under our own flag, a very large part of the trade of foreign nations and British Possessions, both with the ports of the United Kingdom and between one foreign country and another, is carried on under the British Flag. No other nation has any share of this cosmopolitan shipping business at all approaching ours in magnitude or value. In every sea in the world where any ocean-borne trade worth speaking of is going on, the Red Ensign is the most conspicuous flag; and in many waters it is the only one flying over vessels of any size.

The opponents of the policy of Free Imports admit that this was the case for some years after the United Kingdom threw open her ports, because, they say, foreign countries had not had time to adapt themselves to the new conditions Now, however, they contend, our principal trade rivals are successfully competing with us in the carrying business, and even driving us out of maritime areas which used to be regarded as our exclusive domain. This, we are assured, is the inevitable consequence of our suicidal policy of allowing foreign nations to pour their goods untaxed into our ports, while they shut out our goods from their ports by tariff walls. The most alarming indication of all, they warn us, is the extent to which foreigners are encroaching on our shipping trade with our own Dominions beyond the Seas.

The reasoning upon which these alleged tendencies are attributed to the system of Free Imports is not very intelligible; but the fact of whether such tendencies exist or not can easily be ascertained.

The following Tables should help to remove misconceptions on this important question :—

TABLE XII.

Tonnage of all Shipping of British, United States, and other nationalities, entered and cleared at Ports in the United Kingdom in the trade with the United States at periods of ten years from 1860 to 1902 :—

Year.	Total Tonnage.	United States Vessels.	British Vessels.	Vessels of other Countries.
1860	3,543,157	2,339,101	1,025,922	178,134
1870	3,087,609	832,628	2,675,396	299,585
1880	10,083,728	653,858	7,613,795	1,816,075
1890	9,329,720	259,965	8,219,872	849,883
1900	13,660,663	549,025	11,640,114	1,471,524
1901	14,426,108	479,464	12,626,874	1,319,770
1902	13,871,184	562,921	12,143,890	1,164,373

This shows that in the vast trade between the United Kingdom and the United States, at all events, there is no sign of any other country getting ahead of us. We do twelve-thirteenths of the whole business, and our proportion has increased from 33 per cent. in 1860 to 87 per cent. in 1902.

TABLE XIII.

Tonnage of all shipping of British and Foreign Nationalities entered and cleared at Ports in the United Kingdom in the Trade with British Possessions.

Year.	All British Possessions.			British North America Only.		
	British Tons.	Foreign Tons	Total Tons.	British Tons.	Foreign Tons.	Total Tons.
1860	4,335,862	733,398	5,069,260	1,595,483	251,455	1,846,938
1870	5,495,050	548,978	6,044,028	1,799,514	261,773	2,061,287
1880	8,264,595	1,167,542	9,432,137	2,412,458	679,547	3,092,005
1890	9,137,840	1,329,723	10,467,563	1,794,755	816,926	2,611,681
1900	10,226,921	1,225,260	11,452,181	2,911,867	643,320	3,555,187
1901	10,866,555	1,193,729	12,060,284	2,831,177	564,147	3,395,324
1902	11,877,466	1,347,393	13,224,859	2,971,560	658,346	3,629,906

From this it will be seen that, far from foreign shipping gaining on British shipping in the trade

between the United Kingdom and our Dominions beyond the Seas, the tendency is very much the other way. In 1860 foreign vessels did one-sixth of the whole business. They now do less than one-tenth. Even in British North America, where a great trade has grown up of late years between Vancouver and the Pacific ports of the United States, the foreign tonnage has only increased from one-sixth to one-fifth of the whole in the course of forty-two years, and shows a great falling off since 1890.

These two Tables together are conclusive evidence that British shipping is not only holding its own, but steadily gaining upon foreign shipping in the trade with the United States, and still more markedly of late years in the trade with British Possessions.

We come now to the Foreign Trade of foreign countries and British Colonies :—

TABLE XIV.

Tonnage of all shipping engaged in the Foreign Trade of the Principal Maritime Countries and British Colonies, showing the proportion flying National, British, and other Flags, 1900-1901.

Country.	Total Tonnage.	National Flag.	British Flag.	Other Flags.	Per Cent. British
Russia.. ..	16,879,384	1,662,077	6,296,974	8,920,333	37·3
Norway ..	6,159,015	4,172,032	672,644	1,314,339	10·9
Sweden ..	16,566,699	7,576,867	1,475,833	7,513,999	8·9
Germany ..	29,493,043	14,670,783	8,174,948	6,647,312	27·7
Holland ..	18,656,021	5,118,252	7,107,555	6,430,214	38·1
Belgium ..	18,628,728	2,703,308	8,567,404	7,358,016	43·8
France ..	38,171,406	10,362,008	15,036,742	12,772,656	39·4
Portugal ..	20,810,408	856,920	10,896,230	9,057,258	52·4
Spain	28,892,629	14,032,833	7,702,301	7,157,495	26·6
Italy	42,320,578	20,898,034	8,299,391	13,123,153	19·6
United States	48,603,539	7,975,386	24,696,312	15,931,841	50·8
Chile	6,536,502	484,922	3,478,026	2,573,554	53·2
Argentina ..	13,364,884	4,469,815	3,917,001	4,978,068	29·3
Canada ..	14,731,488	—	8,803,151	5,928,337	59·8
Newfoundland	1,774,372	—	1,139,670	634,702	64·2
Cape of Good Hope..	9,979,133	—	8,875,039	1,104,094	88·9
Natal.. ..	3,833,611	—	3,428,164	405,447	89·4
Australia ..	26,198,899	—	22,353,370	3,845,529	85·3
Totals	361,600,439	94,983,237	150,721,755	115,695,347	43·4

The foregoing Table should help to correct several wrong impressions that have become prevalent of late years, notably as to the alleged danger to British shipping from the rivalry of the United States and Germany. It clearly shows that "tariff walls" do not keep our flag out of the ports of Protected countries; while the total figures give a striking impression of the dependence of all nations on the United Kingdom for carrying on their foreign trade. Some of the most Protected countries are, in fact, the most dependent on us.

CHAPTER V.

STABILITY OF TRADE.

NOTE.—The Tables are compiled from the Board of Trade Return, 7th September, 1903, the Statistical Abstract for 1902, and the House of Commons Return, "Condition of Trade and People," 12th August, 1903.

THE advocates of a reversal of our fiscal system, in their anxiety to justify their proposals on the ground that the tide of commercial prosperity has turned against the United Kingdom, seize every opportunity of magnifying a temporary falling off in any branch of trade. They boldly attribute every such decline, especially in exports of manufactures, to the British policy of Free Imports and the successful rivalry of foreigners under Protection. On the other hand, when there happens to be an improvement in any branch of trade, they say nothing about it, or they seek to account for it by anything rather than its real cause—the steady expansion of British commerce by the unfettered operation of demand and supply.

The supporters of the policy of Free Imports will find the most effective answer to these disingenuous assertions in official figures covering considerable periods, and also brought up to date.

The point they should insist on is that, TAKING ONE YEAR WITH ANOTHER, AND ONE BRANCH OF TRADE WITH ANOTHER, British commerce, owing to its freedom from fiscal restraints, so adapts itself to circumstances, that in the long run it is always progressing, never falling back, nor showing signs of exhausted energy.

If this is proved, it cuts the ground from under the feet of those scare-mongers who clamour for reactionary change whenever there seems to be a slackening of industrial activity.

The following figures are useful for that purpose. They show the total trade movements for the eight months of the year 1903, ending 31st August, compared

with the corresponding part of 1902 and of 1901, thus :—

TABLE XV.

Merchandise.	Imports.	Exports (British).	Exports (Foreign and Colonial).	Exports (Total).
	£	£	£	£
8 months, 1903 ..	348,819,362	194,063,054	47,568,298	241,631,352
8 months, 1902 ..	347,172,166	185,704,570	44,552,011	230,256,581
8 months, 1901 ..	346,318,351	187,171,738	45,775,664	232,947,40
Increase in 1903 compared with				
8 months, 1902 ..	1,647,196	8,358,484	3,016,287	11,374,771
8 months, 1901 ..	2,501,011	6,891,361	1,792,634	8,683,950

These are the latest figures available at the date of this publication, and they may safely be taken as an index of the commerce of the whole year 1903. The following Table summarises the totals for the month of August in each of the three years :—

TABLE XVI.

Merchandise.	Imports.	Exports (British).	Exports (Foreign and Colonial).	Exports (Total).
	£	£	£	£
August, 1903 ..	42,761,456	25,664,884	5,854,912	31,519,796
August, 1902 ..	40,412,571	24,299,826	5,698,640	29,998,466
August, 1901 ..	40,937,140	24,205,569	6,166,955	30,372,524
Increase or decrease in 1903 compared with				
August, 1902 ..	+2,348,885	+1,365,058	+156,272	+1,521,330
August, 1901 ..	+1,824,316	+1,459,315	—312,043	+1,147,272

From this the total commerce for the year 1903 may confidently be estimated at a MINIMUM of :—

TABLE XVII.

Imports.	Exports (British).	Exports (Foreign and Colonial).	Exports (Total).	Total Trade.
£	£	£	£	£
523,229,043	291,094,581	71,352,447	362,442,028	885,671,071

In order to get a complete demonstration of the progress of British commerce, which can leave no possibility of dispute on the ground of temporary fluctuations, it is necessary to go back for the last ten years. The following Table gives the round figures from 1893 to 1903 :—

TABLE XVIII.

Year.	Imports.	Exports (British).	Exports (Foreign and Colonial).	Exports (Total).	Total Trade.
	£	£	£	£	£
1893 ..	405,000,000	218,000,000	59,000,000	277,000,000	682,000,000
1894 ..	408,000,000	216,000,000	58,000,000	274,000,000	682,000,000
1895 ..	417,000,000	226,000,000	60,000,000	286,000,000	703,000,000
1896 ..	442,000,000	240,000,000	56,000,000	296,000,000	738,000,000
1897 ..	451,000,000	234,000,000	60,000,000	294,000,000	745,000,000
1898 ..	471,000,000	233,000,000	61,000,000	294,000,000	765,000,000
1899 ..	485,000,000	264,000,000	65,000,000	330,000,000	815,000,000
1900 ..	523,000,000	291,000,000	63,000,000	354,000,000	877,000,000
1901 ..	522,000,000	280,000,000	67,000,000	348,000,000	870,000,000
1902 ..	528,000,000	283,000,000	66,000,000	349,000,000	877,000,000
1903 ..	523,000,000	291,000,000	71,000,000	362,000,000	886,000,000

It will be seen from this that though, owing to a MINIMUM estimate having been made for the last four months of the year 1903, the Table apparently shows a decrease of £5,000,000 in imports, it more than makes it up in exports, so that the total trade of the year may be expected to prove THE GREATEST ON RECORD BY £9,000,000, and greater than that of 1893 by £204,000,000 — a truly astonishing increase in ten years. The falling off in exports of British produce and manufactures since 1900 is fully recovered, while there is an advance of £4,000,000 on the record export of foreign and colonial goods in 1901.

There actually was a falling off in imports of raw materials during the first eight months of 1903, owing to the short supply of wool from Australia, after the drought of last year, and the withholding of cotton from America by a ring of speculators. But both these causes have already given way. In the month of August alone the import of cotton increased by £97,000, and that of wool by £197,000. It is practically

certain that, by the end of the year, the corrected figures will show an increase instead of a decrease in general imports, and a much larger increase in exports than appears in the Table.

It is remarkable that, while there was a decrease of £467,696 in imports of raw materials during the eight months, there was an increase of no less than £7,423,125 in exports of manufactured articles. This should be a final answer to those who question the continued prosperity of British industry.

The feature of the above Tables to which attention should be drawn most particularly and persistently is the evidence they give of the stability of the vast trade of the United Kingdom, under the system of Free Importation. One of the favourite arguments of those who wish the Government to manage the people's business affairs for them is that Protective taxes on food and raw materials would regulate supply and output, and so prevent over-production at one time or shortness of work at another. This absurd contention, which is entirely opposed to all experience, needs no further refutation than the strikingly steady progression shown in all the columns of the preceding Table. Those columns are in themselves the most eloquent warning against the mischievous proposals now before the country.

CHAPTER VI.

THE PROMISE OF THE YEAR.

NOTE.—All the figures are compiled from the Board of Trade Return "Trade and Navigation for each Month in the Year 1903."

IN the present controversy on the Fiscal Question it is important that the supporters of the policy of Free Importation should bear in mind what the main contention of their opponents consists of, so that they may be prepared to meet it whenever called upon.

The main contention of the advocates of Protective Taxes on Food and Raw Materials is that British trade, especially in the exports of manufactures, is being ruined or threatened by the unfair competition of foreign Protected industries. For this reason, and for no other, it is urged that we must return to the fiscal system of fifty years ago, in order, firstly, to give a preference to the Colonies and so secure their markets for the future expansion of our export of manufactures, and secondly, to defend our home markets from the invasion of foreign traders who now pay nothing for the privilege of dealing with us on our own soil.

The fallacy of both these propositions can easily be explained to anyone who is accustomed to the discussion of commercial economics; but for popular purposes a far more effective course is to take in hand firmly the assumption on which they are based, and to show that it is itself a fallacy arising from ignorance or misconception of facts.

If it be proved that British trade is not being ruined or threatened by foreign competition, fair or unfair, then the whole contention of the advocates of Protective Taxes on Imports falls to the ground. In order to do this quite conclusively, it is not enough to show the progress made in past years, because that is not disputed. It is necessary to bring the figures right down

to the most recent date, so as to defeat the argument so confidently advanced of late, that the danger to our trade, which has long been brewing under the Protective Tariffs of our rivals, has become imminent within the last year or the present year. Some colour was lent to that argument by an apparent slackening of the Export trade in 1902, and this has been made the most of, with grossly misleading results, by the assailants of the existing system. The right answer to it is to give a true view of the whole foreign trade for past years and for the portion of 1903 already elapsed, with a concise analysis of the figures for the latter period.

The following Tables, though unavoidably covering some old ground, are what is required for that purpose:—

TABLE XIX.

Year.	Exports (British).	Exports (Foreign and Colonial).	Exports (Total).	Imports (Total).	Total Trade.	Population.	Trade per head.
	£	£	£	£	£		£
1861	125,000,000	35,000,000	160,000,000	217,000,000	377,000,000	28,900,000	13
1871	223,000,000	61,000,000	284,000,000	331,000,000	615,000,000	31,500,000	19·5
1881	234,000,000	63,000,000	297,000,000	397,000,000	694,000,000	34,900,000	19·9
1891	247,000,000	52,000,000	309,000,000	435,000,000	744,000,000	37,700,000	19·7
1901	280,000,000	68,000,000	348,000,000	522,000,000	870,000,000	41,400,000	21·0
1902	283,000,000	66,000,000	349,000,000	528,000,000	877,000,000	41,900,000	20·9
1903, 8 months .. [rate	194,000,000	48,000,000	242,000,000	349,000,000	591,000,000	42,500,000	13·9
1903, 12 months at same	291,000,000	72,000,000	363,000,000	523,000,000	886,000,000	42,500,000	20·8

This apparently shows a trifling falling off in the total trade per head in 1903 as against 1902, but it will be noticed that, if it should be so at the end of the year, which is most improbable, it will be entirely in Imports and therefore dead against those who say that our Exports are declining.

The analysis of the trade for the first eight months of 1903 is very instructive on this particular point, thus :—

TABLE XX.

Description.	Imports.			Exports (British Production).		
	1902. Eight months ended 31st August.	1903. Eight months ended 31st August.	Increase or decrease, 1903.	1902. Eight months ended 31st August.	1903. Eight months ended 31st August.	Increase or decrease, 1903.
	£	£	£	£	£	£
Food, drink and tobacco	145,913,511	146,648,061	+734,550	10,209,530	9,861,879	—347,651
Raw materials	111,238,722	110,771,026	—467,696	22,137,406	23,511,785	+1,374,379
Manufactures	88,272,502	89,859,479	+1,586,977	150,710,570	158,133,695	+7,423,125
Miscellaneous	1,747,431	1,540,796	—206,635	2,647,064	2,555,695	—91,369
TOTAL	347,172,166	348,819,362	+1,647,196	185,704,570	194,063,054	8,358,484

A detailed analysis of the Imports and Exports of manufactured articles is as follows :—

TABLE XXI.

Description.	Imports.			Exports (British Production).		
	1902. Eight months ended 31st August.	1903 Eight months ended 31st August.	Increase or decrease, 1903.	1902. Eight months ended 31st August.	1903. Eight months ended 31st August.	Increase or decrease, 1903.
	£	£	£	£	£	£
Iron and steel manufactures ..	5,203,621	5,504.170	+300,549	18,437,785	20,597.024	+2,159,239
Other metals	13,055,946	12,159,064	—896,882	4,206,066	4,386,135	+180,069
Cutlery, hardware, etc.	2,811,564	2,812,007	+443	2,855,461	3,000,039	+144,578
Telegraph apparatus	—	42,112	+42,112	2,175,993	1,528,466	—647,527
Machinery	3,372,939	3,142,181	—230,758	12,368,678	12,908,686	+540,008
Ships (new)	—	38,571	+38,571	4,273,875	3,155,103	—1,118,772
Wood manufactures	1,664,825	1,578,057	—86,768	844,853	972,099	+127,246
Yarns and Textiles—						
1. Cotton	3,986,445	5,226,948	+1,240,503	48,585,289	50,155,349	+1,570,060
2. Wool	8,592,267	7,918,841	—673,426	15,821,379	17,302,650	+1,481,271
3. Other materials	14,376,203	13,205,142	—1,171,061	7,939,368	8,277,425	+338,057
Apparel	306,160	2,159,386	+1,853,226	4,739,714	5,354,301	+614,587
Chemicals and dyes	6,220,642	5,956,597	—264,045	7,800,021	8,187,256	+387,235
Leather and manufactures ..	7,369,887	7,589.192	+219,305	2,668,175	3,322,827	+654 652
Glass and earthenware	2,989,911	3,028,096	+38,185	1,960,676	2,177,009	+216,333
Paper	3,048,486	3,175,104	+126,618	1,092,719	1,182,977	+ 90,258
Miscellaneous	15,273,606	16,324,011	+1,050,405	14,940,518	15,626,349	+185,831
TOTAL	88,272,502	89,859,479	1,5 86,977	150,710,570	158,133,695	+7,423,125

It will be noticed that the very trades which were most particularly instanced as "ruined" or "threatened" by foreign competition, namely, Iron and Steel, Wool and Cotton, show the greatest increases in exports. Even cutlery and hardware, which was declared to be a dying, if not a dead, trade, shows very active vitality indeed. The whole Table, to anyone who looks at it in a business light, without prejudice or partisanship, is a standing proof of the healthy condition of British manufacturing industry under the existing system of Free Importation, and of the difficulties and disasters into which it would be plunged if any attempt were made to modify that system for political purposes.

The three Tables taken together furnish a complete answer to the contention that a reversal of the Fiscal Policy of the United Kingdom is necessitated by the change of circumstances that has taken place since that Policy was adopted. They show that whatever the change may be, it has not affected British trade injuriously; but, on the contrary, has promoted it to a degree that nobody foresaw or dreamt of fifty, forty, thirty, or even twenty years ago. THE PROMISE OF 1903 IS AT LEAST EQUAL TO THE WONDERFUL PERFORMANCE OF 1901 AND 1902, and there is not a shadow of reason to believe that the years to come will bear less favourable testimony to the principle of Free Imports than has been borne by the years that are past.

CHAPTER VII.

DISTRIBUTION OF WEALTH.

NOTE.—The figures in Table XXII. are taken from the Statistical Abstract for 1902 ; and Table XXIII. is compiled from the Statistical Abstract for 1902 and the House of Commons Return "Condition of Trade and People," 1903.

ONE of the most attractive promises made to the working classes by those who advocate Protective Taxation of Food and Raw Materials is that it will bring about a more equal distribution of wealth. They admit that it might diminish the profits of certain industries or businesses in which capital now controls the situation by its command of unlimited supplies of foreign goods ; but they say that the capitalists' loss would be the workers' gain ; and that full time and high wages would divert a large share of the surplus income which is now accumulated by the employers to the improvement of the condition of the employed. They do not hesitate to say that the system of Free Imports has the effect of making "the rich richer and the poor poorer." They declare that the undeniable increase of the gross wealth of the nation is a sign, not of healthy prosperity among the people generally, but rather of the piling up of bloated fortunes in the hands of a limited number who are in a position to impose their own terms on labour.

If that were in truth the result of half a century of untaxed Food and Raw Materials, it would undoubtedly be a severe condemnation of that policy, and a complete justification of the efforts now being made to obtain a popular mandate for its reversal. If, on the other hand, no such result has ensued from that policy, if the result has been exactly the opposite, there ought to be evidence forthcoming to confound those who are guilty of such gross misrepresentations.

Fortunately, the evidence is ready at hand, and it is of a character which the most audacious manipulator of facts and figures will not venture to call in question.

The following Table shows the different sources of all incomes brought under the review of the Inland Revenue Department in the United Kingdom for the years 1891-2 and 1900-1 respectively :—

TABLE XXII.

Year.	Lands.	Houses.	British and other Government Securities.	Businesses, Professions, and Trades, etc.	Salaries from Government Corporations and Companies.	Total.
	£	£	£	£	£	£
1891-2	77,731,912	143,146,177	38,165,532	369,693,872	49,455,949	678,193,442
1900-1	71,455,796	178,963,147	41,364,917	466,189,836	75,381,815	833,355,513
Increase or decrease.	— 6,276,116	+ 35,816,970	+ 3,199,385	+ 96,495,964	+ 25,925,866	+ 155,162,071

This shows that during the nine years the incomes from lands, which are essentially the source of income of the privileged classes, diminished by £6,000,000, while those from houses, in which many classes, including the poorer ones, invest, increased by £35,000,000. Incomes from Government securities, which are chiefly favoured by the upper middle class, increased by £3,000,000 ; while those from businesses, professions, trades, and miscellaneous callings of all sorts, bounded up by £96,000,000. Salaries from Government, Corporations, and Public Companies, which certainly are not paid to people with capital, increased by £26,000,000, by far the largest relative increase of all. The Table, short and simple as it is, speaks volumes for the tendency towards the distribution of wealth among large masses of the people who would not have had taxable incomes at all in the old days before Free Trade.

The preceding Table may be said to refer mainly to persons of some means, since no one paid income tax who had less than £150 a year, and very little was paid on incomes under £400. The next Table deals with a very much wider class, consisting almost entirely of wage-earners or those engaged in humble callings, who do not receive attention at the hands of the Inland Revenue Department :—

TABLE XXIII.

Amount Due to and Government Stocks at Credit of Depositors in Post Office and Trustees Savings Banks.

Year.	P.O. Savings Banks due to Depositors.	Trusteees' Banks due to Depositors.	P.O. Savings Banks Government Stocks at credit of Depositors.	Trustees' Banks Government Stocks at credit of Depositors.	Total.
	£	£	£	£	£
1831 ..	No separate figures.	No separate figures.	No separate figures.	No separate figures.	13,719,000
1841 ..					25,782,000
1851 ..					30,278,000
1861 ..					41,533,000
1871 ..					55,845,000
1881 ..					80,335,000
1887 ..	53,974,065	47,262,222	3,345,106	943,125	105,524,518
1888 ..	58,556,394	46,404,688	3,785,611	1,040,355	109,787,048
1889 ..	62,999,620	45,127,820	4,175,634	1,175,248	113,478,322
1890 ..	67,634,807	43,650,552	4,680,167	1,280,069	117,255,595
1891 ..	71,608,002	42,875,565	5,087,765	1,282,228	120,853,560
1892 ..	75,853,079	42,385,449	5,599,019	1,281,891	125,129,438
1893 ..	80,597,641	42,243,000	6,364,494	1,322,532	130,527,677
1894 ..	89,266,066	43,474,904	7,028,196	1,350,615	141,119,781
1895 ..	97,868,975	45,312,681	6,949,949	1,266,189	151,397,794
1896 ..	108,098,641	46,699,687	6,891,891	1,082,248	162,772,467
1897 ..	115,896,786	48,464,797	7,033,564	1,058,027	172,453,174
1898 ..	123,144,009	49,995,372	7,462,134	1,075,923	181,677,438
1899 ..	130,118,605	51,404,929	8,397,213	1,124,108	191,144,855
1900 ..	135,549,645	51,455,917	10,468,290	1,365,517	198,839,369
1901 ..	140,392,916	51,966,386	12,786,190	1,664,687	206,810,179
1902 ..	197,105,000		—	—	—

In the face of these astonishing figures, the most prejudiced opponent of Free Imports must acknowledge

that under that policy the wealth of the nation has not only increased enormously, but has been widely distributed among the masses.

A careful examination of the figures goes a long way to prove that this increase and distribution were the direct consequence of the policy. The great impetus given to savings between 1861 and 1881 cannot be dissociated from the emancipation of trade which so vastly improved the monetary condition of the industrial populace during that very period.

At all events, the supporters of Free Importation may fearlessly challenge their opponents to account otherwise for the fact that while the population increased from 26,700,000 in 1841 to 41,400,000 in 1901, their savings increased within the same time from £25,782,000 to £206,810,000. There can be no mistaking the meaning of that. Under Protective taxation the growth of the national wealth was very slow, and was chiefly confined to the landowners. Under Free Importation it has been extremely rapid, and has been fairly apportioned amongst all ranks in the community. Both the rich and the poor have become richer; but the aggregation of wealth has been far greater among the masses than it has been among the classes.

THE TEACHING OF THESE REMARKABLE TABLES CANNOT BE TOO OFTEN OR TOO STRONGLY INCULCATED DURING THE PRESENT CONTROVERSY ON THE FISCAL QUESTION

CHAPTER VIII.

DECREASE OF PAUPERISM.

NOTE.—The following figures are taken from the Return in the Local Government Board Annual Report for 1898, and the Half-yearly Statement for the 1st July, 1903.

IT is difficult to make any accurate or valid comparisons between pauperism in England and pauperism in Protective countries. The systems of poor relief are so widely different. In France, for example, ecclesiastical charity bears so large a part in the work of relieving the destitute that comparative statistics as between England and France would be quite misleading as an index of the degree of destitution existing in the country. In Germany, again, no official statistics of poor relief have been published for many years. So far as comparisons are concerned, therefore, only a rough estimate is possible: a general statement of facts rather than a scientific test.

But the English statistics themselves are an incontrovertible evidence of the great increase in prosperity that has taken place under Free Trade. Nothing, indeed, can be more encouraging than the steady and continuous decrease in English pauperism which has been going on for the last half century. In 1850 the total number of persons receiving poor relief (outdoor and indoor) in England and Wales was 57·4 per 1,000 of our population. By 1855 this was down to 48·2 per 1,000; and the following are the figures at ten-yearly intervals since then and for the year ended 1st July, 1903:—

TABLE XXIV.

1855	48·2	per 1,000.
1865	45·6	„ „
1875	33·8	„ „
1885	28·6	„ „
1895	26·5	„ „
1903	24·2	„ „

At the end of the century the proportion of paupers to population was thus less than half what it was

at the middle of the century, before Free Trade had made its deepening impression upon the economic condition of our working people.

If these figures, instead of being taken as a whole, are examined in detail, the moral becomes even more striking. The statistics of adult able-bodied pauperism provide us with the most direct evidence on the subject of the condition of employment. English pauperism has declined in all its branches, but the decline in able-bodied adult pauperism is most notable. The decrease amongst sick and aged paupers shows that the conditions of labouring life and employment are now such that men can save for times of illness and for the evening of their days much more easily than in the years before Free Trade. But still, in these classes of paupers there are very many cases in which the general economic condition of the country is not a contributory cause of pauperism. Thriftless habits and purely personal matters of that kind may render a man destitute in illness and old age, no matter how good may be the conditions of industry.

But these considerations do not affect the adult able-bodied pauper to any extent. The prevalence of able-bodied adult pauperism is a direct indication of the condition of the labour market. Here are the figures showing the number of such paupers relieved in England and Wales of recent years :—

TABLE XXV.

1894	116,478
1895	114,415
1896	112,379
1897	108,827
1898	107,071
1899	100,418
1900	99,720
1901	96,658

We have taken the most recent period, because it is during the past decade that Protectionists tell us we have been losing ground. There is not much evidence of any falling off in English employment

for English workmen in these figures. On the contrary, the number of persons in unemployed destitution during this period has happily decreased NEARLY 20 PER CENT. The proportion is really greater than that; for it must be remembered that population has been increasing during these years, and the ratio between able-bodied paupers and the total population of the country has been decreasing at a more rapid rate than even the above figures would indicate.

There is only one possible interpretation of these figures: they signify an increasing steadiness and increasing range for British employment, in direct contradiction of the wild talk about impending ruin and the destruction of British industry.

CHAPTER IX.

THE EVIDENCE OF "DEAD" TRADES.

NOTE.—The Tables are compiled from the "Statistical Abstract for 1902"; and the "Accounts of Trade and Navigation," Board of Trade, 1903.

PERHAPS the most plausible of all the methods employed in favour of a return to the system of Protective taxes on imports, is the constantly reiterated assertion that many industries which formerly flourished in the United Kingdom are now dead, or injured past recovery.

In every case this result is attributed to the competition of foreign countries, encouraged to invade our markets by the British policy of Free Importation, whilst our productions are excluded from theirs by Protective tariffs.

The question of cause and effect in relation to currents of trade is so complex that it cannot be profitably discussed within practicable limits in the present controversy. But it may very well be left aside if the main contention can be convincingly met by showing that industries alleged to have been killed by Free Imports and Foreign Tariffs ARE STILL ALIVE AND DOING WELL. Which, then, are those industries, and how do they really stand ?

In his speech at the Constitutional Club on the 26th of June, 1903, Mr. Chamberlain asked :—

"Is it or is it not the fact that our greatest and oldest industries—I WOULD SPECIALLY NAME THE IRON TRADE AND THE TEXTILE INDUSTRIES—are threatened as they never were before, and that they might at any moment be overwhelmed ?"

The answer to that question is emphatically in

the negative. Threatened industries live long, and as to the probable longevity of these in particular, the following Table should be conclusive :—

TABLE XXVI.

Iron Trade and Textile Industries. Exports of British and Irish Production.

Year.	1888.	1898.	1899.	1900.	1901.	1902.
Trade.	£	£	£	£	£	£
Iron and steel	26,416,666	22,630,272	28,101,049	31,992,675	25,282,080	29,203,875
Machinery	12,494,113	16,906,492	17,972,204	18,167,784	16,260,363	16,914,679
Wool and woollens ..	27,884,735	22,946,057	25,112,258	25,239,494	22,203,928	24,337,826
Cottons	71,986,540	64,900,777	67,547,908	69,743,279	73,685,614	72,458,100
Linens	6,439,824	5,278,184	5,981,858	6,158,795	5,845,180	6,272,135
Jute goods	2,353,513	2,265,368	2,362,482	2,361,359	2,658,333	2,437,794
TOTALS	148,555,591	134,927,150	147,077,759	153,623,386	145,935,498	151,624,409

This shows that, though there have been considerable fluctuations in different branches in different years, as there always are in the staple manufactures of every country, on the whole the iron trade and textile industries are in a very healthy state. The woollen trade is the only one that shows any appreciable falling off in the last 15 years, and that is fully accounted for by the prolonged drought in Australia, the export of woollens having corresponded almost exactly to the import of raw wool.

To make this demonstration complete by bringing it up to the latest date, the above Table should be supplemented, as follows :—

TABLE XXVII.

Period.	1901. Eight months ended 31st August.	1902. Eight months ended 31st August.	1903. Eight months ended 31st August.
Trade.	£	£	£
Iron and steel	16,927,166	18,659,955	20,917,647
Machinery	12,056,683	12,368,678	12,908,686
Woollens	14,952,091	15,821,379	17,302,650
Cottons	49,283,746	48,585,289	50,155,349
Linen	3,842,620	4,118,261	4,163,433
Jute goods	1,812,285	1,634,275	1,697,506
Totals	98,874,591	101,187,837	107,145,271

Estimating that in these particular branches the trade of the whole year 1903 may continue at the same rate, the following Table which should be examined in conjunction with Table XXVI., may be found useful :—

TABLE XXVIII.

Year.	1902.	1903.
Trade.	£	£
Iron and steel	29,203,875	31,376,470
Machinery	16,914,679	19,363,029
Woollens	24,337,826	25,953,975
Cottons	72,458,100	75,233,023
Linens	6,272,135	6,245,149
Jute goods	2,437,794	2,546,259
Totals	151,624,409	160,717,905

From this it will be seen that, notwithstanding the war in South Africa, the United States Steel Trust, and all other disturbing influences, 1903 shows the greatest prosperity in these trades on record. It is evident that when the Colonial Secretary described them as " threatened as they never were before, and liable to be overwhelmed at any moment," he was

under a total misapprehension of the facts. His statement has been repeated by all his supporters in the Press and on the platform, and has been widely published in his own words, in order to give it the greater authority, by the Birmingham Tariff Committee. The above figures, however, prove beyond dispute that it has no foundation, and it is highly necessary in the public interests that so grave an error should be corrected.

This, by itself, is enough to throw discredit on all the allegations as to "dead" or "dying" British industries, but for the sake of useful information it may be as well to examine some of them regarding lesser trades. Those most commonly mentioned as trades killed by Free Imports are tinplate, lace and hosiery, cutlery and hardware, pottery and glass. The official figures regarding these are as follows, again estimating 1903 from the first eight months' Return :—

TABLE XXIX.

Year.	1888.	1898.	1899.	1900.	1901.	1902.	1903.
Trade.	£	£	£	£	£	£	£
Tin and tinplate	6,248,004	3,138,975	3,755,464	4,739,560	4,383,552	5,068,832	5,393,835
Lace, hosiery, threads, etc.							
Cotton	7,746,493	8,067,517	8,627,459	9,624,898	9,206,898	9,838,678	11,029,786
Woollen	757,806	783,572	909,358	898,606	893,335	952,767	1,017,396
Cutlery and hardware ..	3,168,403	1,986,692	2,138,392	2,139,738	2,076,604	2,177,524	2,225,769
Tools and instruments ..	1,235,237	1,718,368	1,841,801	1,939,898	1,994,577	2,105,491	2,196,363
Pottery	2,317,186	2,110,132	2,907,353	2,295,791	2,203,536	2,095,669	2,344,220
Glass	1,109,341	885,032	916,348	1,033,605	1,057,155	1,097,530	1,121,293

Here, again, it will be seen that not one of the trades said to be dead or dying can be so described with the slightest regard for accuracy. The only two that have fallen off at all since 1888 are tin and tinplate, and cutlery and hardware, and both of these are rapidly recovering. The tinplate trade, which was hard hit by the Dingley Tariff in the United States, has found better markets elsewhere, and promises to be greater than ever. In cutlery and hardware the decline was only in the cheaper sorts, whilst it has been more than compensated by the increase in tools and instruments. Similarly, there has been a falling off in cheap cotton hosiery from £722,640 in 1888 to £464,497 in 1903; but upon the whole class of manufactures, especially the most expensive kinds, employing the highest paid labour, there has been an increase of no less than £3,283,293 in the same period. These movements from one department of a trade to another are continually going on, and they obviously indicate, not the decay of the trade in which they occur, but the vigilance and resource of those engaged in it, in changing the direction of their energies to meet changes of custom. In the ease and success with which that can be done, lies one of the greatest advantages of the British system of Free Imports.

It should be noted, in considering these Tables, that, while they show on the whole a very satisfactory development of the Export Trade, this is in addition to an enormously increased Domestic Trade. The population of the United Kingdom has increased from 36,881,271 in 1888 to 42,372,556 in 1903, and these 6,500,000 new inhabitants have all been good customers of the various trades dealt with in the Tables. Taking both export and home consumption together, all these British industries, far from being dead or dying, display an exceedingly vigorous and a steadily growing vitality.

PART II.

IMPROVED CONDITION
OF THE
AGRICULTURAL LABOURER.

a—His Wages.
b—His Wages and the Price of Wheat.
c—His Total Earnings.
d—The Character of his Food.
e—The Proportion of his Total Earnings Spent on Food.
f—His Improved Condition since 1850.

PART II.

Improved Condition of the Agricultural Labourer.

a—His Wages.

The following Tables will be found to demonstrate the remarkable improvement which has taken place since Protective taxation was abandoned in favour of Free imports, in the position of the Agricultural Labourer in England. A comparison of his wages, in the first place, with those earned by agricultural labourers in other countries will afford striking evidence of the extent to which the English farm labourer benefits under our system of unrestricted imports.

It will be seen, from the Table on the next page, that the wages earned by English Agricultural Labourers are much higher than those earned in any of the European countries with which comparison is made. In the United States alone does the average weekly wage reach a higher level; and when the increased cost of living in the States is taken into due consideration, it will hardly be conceded that the rural labourer is better off in America than he is here.

TABLE XXX.

Average Weekly Cash Wages of Ordinary Agricultural Labourers in England and Wales and in certain Foreign Countries, 1892-1899.

Reference.	Country.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.
		s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Cd. 1124 of 1902, p. 66	England and Wales (excluding *all* Extras)	13 $3\frac{1}{2}$	13 2	13 1	13 0	13 $0\frac{1}{2}$	13 2	13 $5\frac{1}{2}$	13 $8\frac{1}{2}$
Cd. 720 of 1901, p. 8 ..	Sweden (Total Wages in Kind and Money)	8 $7\frac{1}{13}$	8 $7\frac{2}{5}$	8 $8\frac{2}{5}$	8 9	8 $10\frac{2}{5}$	9 $1\frac{1}{2}$	9 $8\frac{3}{5}$	..
Cd. 720 of 1901, p. 4 ..	Norway (Day Labourers without Board)	..	..	..	12 3	..	..	..	..
Cd. 720 of 1901, pp. 2 and 3	Russia (Board and Lodging found)	2 $4\frac{3}{4}$	2 $4\frac{3}{4}$	..	..	..	..	..	..
Cd. 720 of 1901, p. 12	Denmark (including Value of Free Houses. Board found)	6 9	..	..	..	..	7 $4\frac{1}{2}$	..	..
Cd. 720 of 1901, p. 42 ..	Belgium (Without Board) ..	..	..	..	9 6	..	..	..	..
Cd. 720 of 1901, p. 63 ..	France. (Without board) ..	11 $11\frac{1}{4}$	..	..	..	..	..	..	..
Cd. 720 of 1901, p. 86 ..	United States of America. (Without board) ..	17 $10\frac{1}{2}$	..	..	..	..	..	..	..
Cd. 720 of 1901, p. 85 ..	Hungary. (Without board) ..	..	..	..	..	6 $3\frac{3}{8}$	6 6	6 3	..

b—His Wages and the Price of Wheat.

Equally instructive is a comparison between Agricultural Wages and the Price of Wheat. Table XXXI. shows that, as an absolute matter of fact, Wheat has frequently been high when Wages were low; whilst a rise in the Wages of the Agricultural Labourers has actually been accompanied by a fall in the price of Wheat :—

TABLE XXXI.

Year.	Average cash wages per week in England and Wales (67 Farms).		Wheat per Quarter.		Year.	Average cash wages per week in England and Wales (67 Farms).		Wheat per Quarter.	
	s.	d.	s.	d.		s.	d.	s.	d.
1850	9	3½	40	3	1877	13	8	56	9
1851	9	2½	38	6	1878	13	7½	46	5
1852	9	3	40	9	1879	13	3¼	43	10
1853	9	11¾	53	3	1880	13	2¼	44	4
1854	10	9	72	5	1881	13	2	45	4
1855	11	0½	74	8	1882	13	2½	45	1
1856	11	1¼	69	2	1883	13	3	41	7
1857	10	11½	56	4	1884	13	2¼	35	8
1858	10	9	44	2	1885	13	0	32	10
1859	10	8¼	43	9	1886	12	10½	31	0
1860	10	11	53	3	1887	12	8¾	32	6
1861	11	0¾	55	4	1888	12	8¼	31	10
1862	11	0¼	55	5	1889	12	9½	29	9
1863	10	11¾	44	9	1890	13	0½	31	11
1864	11	0¼	40	2	1891	13	4	37	0
1865	11	2¼	41	10	1892	13	5	30	3
1866	11	6	49	11	1893	13	3½	26	4
1867	11	11¼	64	5	1894	13	2¾	22	10
1868	12	0¼	63	9	1895	13	2¾	23	1
1869	11	10	48	2	1896	13	3¾	26	2
1870	11	10¼	46	11	1897	13	5	30	2
1871	12	0¾	56	8	1898	13	8½	34	0
1872	12	8¼	57	0	1899	13	11	25	8
1873	13	3¾	58	8	1900	14	5¾	26	11
1874	13	6¼	55	9	1901	14	7	26	9
1875	13	6½	45	2	1902	14	7	28	1
1876	13	8	46	2					

Note.—The above figures are taken from the "Journal of the Royal Statistical Society," 30th June, 1903, pp. 331 and 332.

c—His Total Earnings.

Cash wages do not, of course, represent the total earnings of the Agricultural Labourer. They are exclusive of extra payments for piece work, hay and corn harvests, and of the value of allowances in hand. The general excess of earnings over wages in England is reckoned as follows :—

TABLE XXXII.

Authority.	Year.	Excess Per Cent. of Earnings over Wages.
Royal Commission on Labour	1891–94	19
Board of Trade Report, 1900	1898	18

d—The Character of His Food.

We now come to the actual domestic consumption of the rural labourer, which, in the light of the present controversy, is an item of great importance. The Table on the next page shows the average quantities of the Principal Kinds of Food consumed in one week by an agricultural labourer, his wife, and four children in certain groups of counties in 1902. It is based on 114 returns furnished by Landowners, Farmers, Local Government Board Inspectors, Members of Local Authorities, Clergy, Relieving Officers, Tradesmen, and Agricultural Labourers. (Compiled by A. Wilson Fox, Esq., C.B., Member of the Permanent Staff of the Board of Trade.)

According to these averages, the chief Foods consumed by the English Agricultural Labourer in 1902 were (in the order of average weekly consumption): Potatoes, Bread, Flour, Sugar, Beef or Mutton, and Bacon. Any increase in the Price of any of these Foods will, therefore, affect either the quality or the cost of his living. All these Foods at present

TABLE XXXIII.

Articles.	Northern Counties.	Midland Counties.	Eastern Counties.	Southern and South-Western Counties.	General average for England.
	lbs. ozs.	lbs. ozs.	lbs. ozs.	lbs. ozs.	lbs. ozs.
Beef or Mutton	4 10	3 12	1 12	3 5	3 5¾
Pork	0 3	1 5	2 1	0 14	1 1¾
Bacon	3 7	3 0	2 0	2 6	2 11¼
Cheese	0 12	1 5	1 2	1 10	1 3¼
Bread	*5 0	27 0	*17 0	29 0	19 8
Flour	23 0	7 0	20 8	9 0	14 4
Oatmeal and Rice	1 4	1 8	1 0	1 4	1 4
Potatoes	26 0	22 0	24 0	31 0	25 12
Tea	0 8	0 7	0 6½	0 9	0 7½
Coffee or Cocoa	0 1	0 5	0 1	0 3½	0 2½
Butter	1 6	0 15	0 14½	0 15	1 0¾
Lard, Margarine, or Dripping	1 13	0 10	0 15	0 12	1 0½
Sugar	4 12	4 12	4 0	3 12	4 5
Syrup, Treacle, or Jam ..	1 12	1 8	1 0	2 4	1 10
Milk { New	6½ pints	4 pints	3½ pints	4 pints	4½ pints
Milk { or		or	or	or	or
Milk { Skimmed	—	9 pints	7¾ pints	9½ pints	8¾ pints
Average Total Value ..	14s. 10½d.	13s. 6½d.	12s. 4½d.	13s. 4¾d.	13s. 6½d.

enter England duty-free. It is also noteworthy that those items, such as tea and coffee, on which it is proposed to reduce the duty† in order to compensate for the Protective taxes on food, are quite insignificant in comparison with the principal articles of diet, such as bread, flour, and meat.

e—The Proportion of His Total Earnings Spent on Food.

We can now arrive at a fair estimate of the Proportion of his Total Earnings which the English Agricultural Labourer spends upon Food. By collating Tables XXXI., XXXII., and XXXIII., the following result is obtained :—

* In some countries the agricultural labourers bake their own bread.

† *See* page 64.

TABLE XXXIV.

	£ s. d.
Average Weekly Cash Wages of Ordinary Agricultural Labourers in England and Wales in 1902 (Table II.) ..	0 14 7
A Maximum estimated excess of Earnings per cent. of Cash Wages (20 per cent.) (Table III.)	0 2 11
Estimated Average Total Weekly Earnings of an English Ordinary Agricultural Labouerr in 1902 ..	0 17 6
Average Total Value of Food consumed Weekly by an Ordinary English Agricultural Labourer, his Wife and Four Children in 1902	0 13 6½
Percentage of Total Earnings spent on Food	77 per cent.

The bare margin left for the Agricultural Labourer to pay rent, to provide clothing for himself and his family, not to speak of such needs as tobacco and beer, scarcely needs pointing out. Were the food bill to be increased, even by a small amount, there would be practically no margin at all. And the inevitable result would be that the Agricultural Labourer would return to the sad conditions from which he has been rescued, through a long course of years, by a system of Free imports.

f—His Improved Position since 1850.

As regards the striking improvement in the position of the Agricultural Labourer in England since 1850, one cannot do better than quote the testimony of Mr. A. Wilson Fox, C.B., Member of the Permanent Staff of the Board of Trade, who, in the "Journal of the Royal Statistical Society" for the 30th June, 1903 (pages 309 and 310), writes as follows :—

"Position of the Agricultural Labourer in 1903 compared with 1850.

"I will now proceed to shortly state in what respects the farm labourers are better off at the present time than they were in 1850.

"1. Their earnings are greater, due both to higher payments and more regular employment.

"2. They are, in fact, better off than when they had the additional assistance of their wives and children, and they have not to sacrifice the comfort of their homes, the economy of their household arrangements, and the education and worldly prospects of their children.

"3. Prices of most of the commodities of life are cheaper. Rent in rural districts has scarcely risen if at all. The result is that the labourers and their families have a greater quantity and a better quality of food than formerly. They furnish their cottages better, dress better, and have money to spend on trips, thus getting their views and ideas enlarged.

"4. Work is less arduous owing to shorter hours, the introduction of machinery, and to better tools.

"5. There are more opportunities of obtaining allotments.

"6. Education is free.

"7. Sanitary arrangements and water supplies in the villages are better attended to.

"8. Cottage accommodation, while not dearer, is better, due both to the superior class of buildings now erected to replace the old ones, and also to the decrease in the population in a good many rural villages, which has tended to reduce over-crowding and to leave the worst cottages empty.

"9. Compensation can be obtained for accidents in the course of their employment."

And, again, in the same "Journal" (pages 290, 291, 292), Mr. Fox writes :—

"It is a generally accepted fact that the prices of most of the necessaries of life—food, clothes, furniture, and lights—have cheapened to a considerable extent.

"Taking a few of the principal articles of food of the labourer in 1850 and in 1901, the reduction in prices is approximately as follows : Flour, 25 to 30 per cent. ; sugar, 60 to 70 per cent. ; tea, 65 to 70 per cent. ; cheese, 25 per cent. ; potatoes, 8 per cent. On the other hand, pork has increased in price by about 20 per cent., and bacon nearly 15 per cent.

"In the last fifty years the food of the labourer has generally increased in quantity in the low-wage districts, and in all districts in quality and variety. In some counties more meals are taken now, the whole family sitting down to tea as well as supper. In the north the hired men get substantial refreshments at ten o'clock and four o'clock, in addition to three other meals a day.

"In the 'forties,' 'fifties,' and 'sixties,' it is evident that the amount of food eaten by the labourers' families was barely sufficient in some localities. In the winter, the season when food was most required, the labourers and their families in the low-wage districts often had to live on poor diet.* Regular employment was often scarce, there was little or no piecework, while extra money was required for fuel and clothing.

"In the 'thirties,' 'forties,' and 'fifties,' the principal diet of the agricultural labourers was wheaten bread or other food made from flour. Barley bread was, however, frequently eaten in the western counties ; and, in the north, barley bread, oat cake, and porridge. In some counties nearly half a man's weekly wages appears to have been spent on bread for his family. Other articles of diet were bacon, pork (the latter frequently salted), cheese, dripping, lard, milk, potatoes, onions and other vegetables. The high price of tea prohibited much being drunk. Fresh meat (beef or mutton) was seldom eaten, except in some of the northern and north midland counties (chiefly on Sundays), but the men who were boarded in the farmhouses had it more frequently."

* See "Report of Special Assistant Poor Law Commissioners on the Employment of Women and Children in Agriculture," 1843, pp. 17 and 18 ; also Dr. Edward Smith's "Report on the Food of the Poorer Labouring Classes in England," Appendix No. 6 to the Sixth Report of the Medical Officer of the Privy Council, 1863, p. 264.

PART III.

OUR SUPPLIES OF FOOD AND RAW MATERIAL.

CHAP.
I.—FOOD.
II.—RAW MATERIAL.

PART III.

Our Supplies of Food and Raw Material.

CHAPTER I.

FOOD.

THE enormous extent to which the United Kingdom at present depends for food upon her Import Trade is shown by the fact that, in the year 1902 alone, she imported food to an official value (cost, insurance, and freight) of £219,438,996—that is, to a value of £5 4s. 7d. per annum per head of her total population. During the six months ending 30th June, 1903, she imported food to an official C.I.F. value of £103,361,319. These are most important figures. They show how vast are the interests which would be affected by any alteration in the price of imported foods.

That the United Kingdom is tending to depend more and more upon her Imported Food Supply is demonstrated by the following figures :—

TABLE XXXV.

Reference.	Year.	Value of Food Import.	Population.	Annual Value of Food Import per head of population.
		£		£ s. d.
Cd. 1239 of 1902, pp. 70 to 85. (For populations, p. 257.)	1890	173,980,169	37,484,764	4 12 10
	1895	174,865,388	39,265,323	4 9 1
	1901	219,944,000	41,546,698	5 5 10
	1902	219,438,996	41,952,510	5 4 7

It follows from these figures, also, that with her rapidly increasing population and industrial activities the United Kingdom is becoming less and less able to rely upon her home produce for her food supplies.

It is important, next, to ascertain what are the principal classes of food which the United Kingdom imports. These, in order of official import values, were as follows in 1902 :—

TABLE XXXVI.

	£
Grain and flour	66,774,329
Butter, cheese, eggs, fish, fruit, vegetables, etc.	61,996,148
Meat : including animals for food	48,149,424
Sugar, confectionery, preserved fruit, etc.	21,021,726
Tea, coffee, cocoa, chicory	14,053,006
Beer, wine, and spirits	7,166,783
Cider and mineral waters	277,580
Total value of U.K. food import, 1902	£219,438,996

The above-mentioned classes of food were imported from foreign countries and British Possessions in the following respective proportions during 1902 :—

TABLE XXXVII.

Class of Food.	Value imported from Foreign Countries.	Value imported from British Possessions.	Total Value Imported.
	£	£	£
Grain and flour	55,007,423	11,766,906	66,774,329
Butter, cheese, eggs, fish, fruit, vegetables, etc.	50,337,778	11,658,370	61,996,148
Meat : including animals for food	39,387,963	8,761,461	48,149,424
Sugar, confectionery, preserved fruit, etc.	19,800,159	1,221,567	21,021,726
Tea, coffee, cocoa, chicory	4,822,608	9,230,398	14,053,006
Beer, wine, and spirits	6,548,645	618,138	7,166,783
Cider and mineral waters	277,169	411	277,580
TOTALS	176,181,745	43,257,251	219,438,996

In 1902, therefore, our Colonies supplied less than one-fifth, in value, of our total Import of Food. If food imported from foreign countries is taxed by Great Britain, we shall consequently be taxing more than four-fifths of all our oversea food supply in order artificially, and at the expense of the British consumer, to stimulate less than one-fifth of it. Moreover, it is interesting to observe that the one solitary article

which the Colonies supply to us much more largely than do foreign countries is tea ; upon which it has been suggested that the existing Revenue Tax should be reduced. As, under a scheme of Colonial Preference, nearly nine-tenths of our imported tea would at once enter England duty free, a remission of the duty on the remaining one-tenth could be of but little benefit to the British consumer, and none at all to the Colonies.

In view, then, of the current suggestion that certain of our foods imported from foreign countries should be taxed in order that a preference may be extended to these same foods when imported from British Possessions, it is necessary to ascertain what proportion of all our Imported Food comes at present from which foreign countries, and what proportion from which British Possessions. The exact figures for 1902 are given herewith :—

TABLE XXXVIII.

Food imports from Foreign Countries.	£	*Food imports from British Possessions.*	£
United States of America	60,676,125	Canada and Newfoundland	16,024,041
Denmark, with Iceland ..	15,231,069	British East Indies, Ceylon, Mauritius	14,093,968
France	14,498,294	Australia and New Zealand	8,463,341
Germany	13,809,183	British Guiana	2,352,036
Russia	13,606,618	Straits Settlement ..	1,023,702
Holland	12,803,381	Channel Islands, Malta, Gibraltar..	913,820
Argentine Republic ..	10,203,156	Hong Kong..	105,533
Spain and Canary Islands	5,898,263	British East Africa and Aden	62,140
Belgium	4,117,865	British West Africa ..	25,925
Norway and Sweden ..	2,262,185	British South Africa ..	25,255
Other Foreign Countries..	23,083,606	Other British Possessions..	167,490
Total food imports from foreign countries, 1902	£176,181,745	Total food imports from British Possessions, 1902	£43,257,251

From the above Table it will be seen that the United States now supplies us with far more food than all the British Possessions put together. Any scheme of Colonial preference must seriously hamper our imports of American food, amounting to nearly one-quarter of our whole Imported Food Supply, in order to profit our imports of Colonial food, amounting to less than

one-fifth thereof. And the same injury would be done to our enormous food supplies from all other foreign countries.

The proposition put forward by the food taxers is, of course, that the British Possessions will in a short space of time be able to send us all the food we need. The following round figures of grain imports, taken from the Board of Trade Returns for 1902, will prove suggestive in arriving at an approximate estimate in this connection :

TABLE XXXIX.

Totals from British Possessions.

		cwts.			cwts.
Wheat ..	..(1897)	5,393,000	..	(1901)	16,854,000
Barley ..	.. „	70,000	..	„	452,000
Oats	.. „	1,782,100	..	„	1,325,000
Rye	.. „	205,000	..	„	394,000
Maize	.. „	4,235,000	..	„	2,086,000
Wheatmeal and flour..	„	1,540,000	..	„	1,906,000
		13,225,000			23,017,000

Total increase 9,792,000 *cwts.*

Average increase per annum under 2 million cwts.

From the foregoing Tables, it will be seen that the average increase per annum in our importations of grain from all British Possessions is under 2 million cwts. So that if they were called upon to make up for the 166 million cwts. of grain which we imported from Foreign Countries in 1901, it would take them OVER 70 YEARS TO COMPLETE THE TASK.

And this does not allow for the normal increase of the home population. If the latter increased during the next 70 years at the same rate as during the past 70 years—*i.e.*, becomes nearly double—it would take our Colonies and Possessions MORE THAN 130 YEARS TO COMPLETE THE SUPPLY.

At their present rate of progress, then, we may expect to wait more than half a century before all the food imports we need can be sent to us by our oversea Dominions ; and the result of the proposed food taxes will be that higher prices for the necessaries of life will continue to reign during the entire lifetime of the present generation. Whilst, directly our oversea

Food Supply does come solely from within the Empire, the taxes we have put on foreign foods will cease to yield us any revenue.

We see, therefore, that Preferential taxes on food in Great Britain will injure the British consumer as long as they last; and the moment they cease to injure him they will cease to do anything at all.

But Mr. Chamberlain has said that when he puts new taxes on food, which will give a preference to the Colonies, he intends to take off taxes to an equal amount from other articles of food in which the Colonies are not interested. The articles specified are tea, coffee, cocoa, and sugar, these being the only articles of food, except dried fruits, on which duties are levied for revenue under the present Tariff.

The actual figures of Mr. Chamberlain's proposed taxation and remissions having now been given, the following Tables show as closely as possible what the gain or loss would be to the agricultural labourer and the artisan respectively, calculating the new duties, not on the retail price, but on the import value.

TABLE XL.*

Cost to the Agricultural Labourer.	d.	*Gain to the Agricultural Labourer.*	d.
Flour	2·65	Tea	2·1
Beef and mutton	·75	Sugar, syrup, and treacle ...	1·5
Pork	·23	Cocoa and coffee	·16
Lard, margarine, and dripping	·26		
Cheese	·31		
Butter	·55		
	4·75		3·76

Net loss to the Agricultural Labourer, 1d.

If the recent increases of the existing revenue duties on articles of food for war purposes are allowed for, as they unquestionably ought to be, the excess of cost under Mr. Chamberlain's scheme would be, not 1d., but $4\frac{3}{4}$d.—5d. in round figures—which may safely be taken as the minimum additional burden.

* The figures in Tables XL. and XLI. have been taken from "The Free Trader" (Oct. 16th, 1903).

TABLE XLI.

Cost to the Artisan.	d.	*Gain to the Artisan.*	d.
Bread and flour...	2·7	Tea	2·79
Meat	1·7	Sugar	1·87
Eggs, butter, and cheese ...	1·5	Cocoa	·24
	5·9		4·90

Net loss to the Artisan, 1d.

Making the same allowance as before for the legitimate difference between war taxation and normal taxation, the excess of cost to the artisan under Mr. Chamberlain's scheme would be $5\frac{1}{2}$d.

A most important new feature, however, has been added to all such calculations by Mr. Chamberlain's announcement that he intends to put an average tax of 10 per cent. on all imports of manufactured or partly manufactured goods. This means, of course, a very much greater increase of the cost of living, owing to the increase in the price of clothing, boots, bedding, furniture, soap, candles, tools, and innumerable other necessaries or conveniences. It is impossible to make a close estimate of these, but it is certain that the burden would be much greater than that of the food taxes given above, or as shown in Table XL.

CHAPTER II.

RAW MATERIAL.

In estimating the extent to which the Industries of the United Kingdom depend for their Raw Materials upon her Import Trade, it is necessary first to settle clearly what articles may properly be considered as Raw Materials. The following figures refer to all articles which are imported into the United Kingdom to be used here as Raw Material for further industrial processes, even though such articles may have been partly manufactured elsewhere before they reach us. Goods which, on import to us, have already been brought to their greatest industrial utility are the only goods not included in the following figures. Thus, Cotton Yarn is here considered as a Raw Material, and is included below; but Cement is regarded as a Manufacture, and is therefore not included. The following figures, in fact, refer strictly to imported Raw Materials alone; and contain no reference either to Raw Foods or to finished manufactures.

The importance of our oversea supply of Raw Materials is shown by the fact that during the year 1902 alone the United Kingdom imported such materials to a value of £189,826,691 (Cd. 1582 of 1903, pp. 3–51). During the year 1901–02, the Gross Income of all businesses in the United Kingdom which would be directly affected by any shortage in the supply of Raw Materials (Cd. 1717 of 1903, p. 192, Classes I. to IX. and XII.) was returned to the Inland Revenue Commissioners as £440,808,495. The value of our import of Raw Material for Industries is thus considerably more than three-sevenths of the whole yearly Income which these Industries produce. Turning, also, to the very latest figures (those for the six months ending June 30th, 1903) we find this large supply

of Raw Material not only maintained but, relatively, largely increased. For during that six months alone, the total value of Raw Materials imported was £111,129,843.

It is clear from these figures that our reliance upon imported Raw Material is very great; and that it is showing no tendency whatever to diminish.

Of the great mass of imported Raw Materials referred to, however, it is only necessary here to consider those articles which we buy from oversea in considerable quantities, and upon which the larger industries of the United Kingdom directly depend. These articles, in the order of their official Import Values during 1902, are the following :—

TABLE XLII.

Raw Material.	Value of Total Import during 1902.
	£
Cotton : Raw, yarn and waste	41,506,015
Metals, excluding bullion	28,757,153
Wood and timber	25,186,719
Wool, woollen rags and woollen yarn	25,042,531
Leather	8,095,637
Skins and furs	5,578,452
Jute and jute yarn	5,371,259
Caoutchouc	5,180,262
Linseed	4,486,997
Hemp and hemp tow	4,005,038
Tobacco	3,892,125
Dye stuffs	3,807,977
Paper making materials	3,386,773
Cotton seed	3,285,650
Flax and flax tow	2,944,390
Tallow and stearine	2,708,717
Hides	2,440,593
Silk : knubs, raw and thrown	1,914,310
Gums	1,417,463
Gutta percha	1,150,902
Linen yarn	968,332
Nuts and kernels for oil pressing	877,713
Straw, for hat and bonnet making	746,636
Total value of above articles imported during 1902 (Cd. 1582 of 1903, pp. 3–51.)	£182,751,644

It will now be interesting to notice what proportion of the above supplies came to us from foreign

countries during 1902, and what proportion came from British Possessions. The exact figures are given herewith :—

TABLE XLIII.

Raw Material.	Value imported from Foreign Countries.	Value imported from British Possessions.	Value of the Total Import, 1902.
	£	£	£
Cotton : raw, yarn and waste	40,888,744	617,271	41,506,015
Metals, excluding bullion ..	21,902,148	6,855,005	28,757,153
Wood and timber	18,858,924	6,327,795	25,186,719
Wool, woollen rags and woollen yarn	7,268,004	17,774,527	25,042,531
Leather	5,471,332	2,624,305	8,095,637
Skins and furs	2,464,131	3,114,321	5,578,452
Jute and jute yarn	97,106	5,274,153	5,371,259
Caoutchouc	4,907,831	272,431	5,180,262
Linseed	2,620,476	1,866,521	4,486,997
Hemp and hemp tow ..	3,112,858	892,180	4,005,038
Tobacco	3,890,792	1,333	3,892,125
Dye stuffs	2,551,055	1,256,922	3,807,977
Paper making materials ..	3,126,959	259,814	3,386,773
Cotton seed	2,758,822	526,828	3,285,650
Flax and flax tow	2,921,434	22,956	2,944,390
Tallow and stearine ..	1,322,021	1,386,696	2,708,717
Hides	1,942,703	497,890	2,440,593
Silk : knubs, raw and thrown	1,560,044	354,266	1,914,310
Gums	416,734	1,000,729	1,417,463
Gutta percha	158,539	992,363	1,150,902
Linen yarn	968,332	—	968,332
Nuts and kernels for oil pressing	269,082	608,631	877,713
Straw, for hat and bonnet making	741,951	4,685	746,636
TOTALS	£130,220,022	£52,531,622	£182,751,644

This last Table shows that, even in their present early stage of development, the Colonies are able to send us over 28 per cent. (nearly one-third), in value, of all the more important raw materials we need. That is a most important fact. For if the Colonies can already so largely supply us with Raw Materials, it is certain that in the future they will supply us with them to a considerably greater extent. And thus it is certain that ANY SCHEME OF COLONIAL PREFERENCE WHICH WOULD BE ACCEPTED BY THE COLONIES MUST

SOONER OR LATER INCLUDE A PREFERENCE UPON COLONIAL RAW MATERIALS AS WELL AS UPON COLONIAL FOOD. This, of course, would mean that all such preferred materials coming from foreign countries would be taxed at British ports.

What, then, would be the effect of such a preference upon our industries? It would infallibly be to raise the price in the United Kingdom of every Raw Material to which the preference applied; and this, in each case, not only by the amount of the duty, but also by the interest on the large capital displaced and by the increased price due to a lessened production of the material concerned. All trades using metals as a Raw Material, all trades so using wood and timber, the great wool trade here, and those which depend upon the free supply of leather would, thus, be most injuriously affected; and, Raw Material having become dearer, either their profits or their wages must decrease.

The hours of labour in British industries are shorter, the wages higher, and the whole yearly net profits far larger, than those of any European industries whatever. Yet, the only advantage which our manufacturers enjoy over their foreign competitors is the fact that they, alone, are allowed by Government to buy their Raw Materials in the best and cheapest markets of the moment. To force them, by taxing foreign Raw Materials, out of the cheapest market into a dearer one is the surest way of staying that enormous increase in our industrial prosperity to which the opening chapters of this Handbook refer.

PART IV.

MISCELLANEOUS.

CHAP.

I.—ANSWERS TO BIRMINGHAM TARIFF COMMITTEE'S QUESTIONS.

II.—WAGES AND COST OF LIVING IN THE COLONIES.

III.—THE EXAMPLE OF SWEDEN.

IV.—OUR HOME TRADE.

V.—FALLACIES OF THE NEW PROTECTION.

PART IV.

Miscellaneous.

CHAPTER I.

ANSWERS TO BIRMINGHAM TARIFF COMMITTEE'S QUESTIONS.

A LIST of eight questions has been published by the advocates of Taxes on Food and Raw Materials, with the following note appended to them :—

*** "*It is important that the opponents of Mr. Chamberlain's policy should not be allowed to evade ANY of these questions.*"

Opponents of the Policy of Taxing Food and Raw Materials have no idea of evading any of these questions. On the contrary, they welcome the opportunity of answering them at all times and places.

For the convenience of honest inquirers, the questions, together with the correct answers, are given below :—

1. "Is IT TRUE that the existing policy of Free Imports is necessary to our prosperity ?"

IT IS UNDOUBTEDLY TRUE. The existing policy of Free Imports was adopted nearly sixty years ago to relieve the misery of the people and the stagnation of trade, when the population of the United Kingdom numbered only 27,000,000. There has been marvellous progress ever since, and the prosperity of the nation was greater last year than ever before. The population now numbers 42,000,000, having increased by 15,000,000 during the period of Free Imports, and *the maintenance of that policy is essential to their welfare, if not to their actual existence.*

2. "Is IT THE FACT, as we are told on the authority of Sir Henry Campbell-Bannerman, that 12,000,000 of our people—more than one-fourth of the whole population—are always on the verge of starvation?"

IT IS PROBABLY NOT THE FACT. No reliable authority has been given for the statement. In any case, the point has no bearing upon the present fiscal controversy. These distressing social conditions exist in all large cities throughout the world, irrespective of whether they be situated in Protectionist or Free Trade Countries. The opponents of Protective taxes on food do not attribute the fact to this or that fiscal system; but what they justly contend is that the imposition of such taxes would drive large numbers of this unfortunate section of society over the margin which separates them from actual want.

3. "Is THAT a proof of the blessings of Free Imports?"

IT IS one of the most striking proofs of the blessings of Free Imports that a vast population are able to live in comparative comfort on small earnings, who would not have been able to live at all in the day of famine before the repeal of the Corn Laws. The proportion of the people really on the verge of starvation was at least three times as great then as it is now. There were 1,237,353 paupers, out of a population of 31,500,000 so late as 1871; and only 1,001,933 out of a population of 42,000,000 in 1902. This shows 11,000,000 more people without a single pauper among them. In 1831 the people had £13,719,000 in the Savings Banks. In 1902 they had £197,105,000. The population had increased from 24,000,000 to 42,000,000. The average savings, therefore, had risen from 11s. 5d. per head to £4 13s. 9d. The deposits of Friendly Societies have risen from £13,999,268 in 1881 to £43,232,500 in 1902. *Such an improvement in the condition of the poorer classes would have been impossible without* FREE IMPORTS.

4. Is IT TRUE of many once profitable industries that the whole of the capital invested in them has been lost ?"

No; IT IS QUITE UNTRUE. During the period of heavily taxed imports, certain favoured industries made great profits out of the necessities of the people, who were compelled to pay extortionate prices for inferior articles. Under the policy of Free Imports these industries had to stand or fall on a commercial footing, just like any other businesses. Some of them proved to be sheer frauds, and deservedly came to grief. Others were unable to hold their own against open competition, and the capital invested in them was wisely withdrawn and put into more legitimate enterprises. One of the best results of the policy of Free Imports has been the disappearance of dishonest, artificial, or corruptly supported trades and the healthy growth of natural, self-supporting ones in their place. There is not a proved instance of a genuine British industry having been ruined by Free Imports. There are multitudes of instances of the opposite effect. *Income from trades and professions increased from* £93,888,251 *in* 1861, *to* £205,355,871 *in* 1901.

5. "Is IT TRUE that the workpeople employed in them have gone to join Sir Henry Campbell-Bannerman's 12,000,000, or have been forced to emigrate where they are finding employment in competition with their comrades at home ?"

No; IT IS TOTALLY UNTRUE. The workpeople employed in the Protected industries of the early nineteenth century were underpaid and cruelly overworked. The destruction of those grinding monopolies by Free Imports released the workpeople from downright slavery. They very soon got higher wages with shorter hours in better trades; and whatever they earned had a much larger purchasing power, owing to the cheapness of necessaries. Many of them became employers, and are rich men to-day. Those of them who emigrated helped to build up

the Colonies, and are customers, not competitors, of those who remained at home. *The figures given in the answer to Question 3 afford unanswerable proof of the benefit of Free Imports to the industrial classes.*

6. "Is it, or is it not, the fact that our greatest and oldest industries—especially the Iron Trade and the Textile Industries—are threatened as they never were before?"

It is not the fact. The Iron Trade is in a flourishing state. The profits from it assessed to Income Tax have steadily and rapidly increased for ye rs past, and reached the highest figure ever known in 1902. The American "Trusts" and "Combines," that were supposed to be such a danger, have done our Iron Trade no harm, but have proved an utter failure themselves. Their £100 shares are going begging at £20, and they are importing iron from Great Britain to keep their factories going.

In textiles, the exports of cotton goods has fallen off from £42,773,366 in 1887 to £42,598,978 in 1902, but this small decline is fully accounted for by lower prices all over the world. This year, 1903, the trade is depressed by a scarcity of cotton from America; but it is only a passing trouble till the new crop comes forward. There has been a serious shrinkage in the export of woollens owing to the prolonged drought in Australia, which reduced the supply of wool by one-third. But this is over now, and already the trade is on the highway to recovery.

In no sense are any of our great industries seriously "threatened." *If they were, what madness it would be to burden them with taxes on their raw materials and the food of their workpeople!*

7. "Is it true that these industries might at any time be overwhelmed by a great importation of goods, manufactured abroad and sold here below cost price—the produce of Protected States?"

It is not true. No such thing has ever happened in the history of commerce. Foreign manufacturers are men of business like our own, and they are not

going to throw away tens of millions of pounds in an attempt to ruin British competitors, who know their business just as well as they do, and have a much longer purse than they have. The Standard Oil Company tried it with the Scottish Paraffin trade, and they had a lesson they will not forget in a hurry. They soon got sick of selling paraffin below cost, and after they had lost enormous sums, they left the Scottish paraffin trade more prosperous than ever. It was exactly the same story with the United States Steel Trust and the Atlantic Shipping Combine.

These are bogeys which need not frighten anybody in this country, so long as we stick to Free Imports. If ever we were crazy enough to deprive ourselves of the one great advantage we possess over foreigners, it would serve us right if they swamped our market. *They can never do so while we have food and raw materials free of protective taxation.*

8. "HAS THE PROGRESS of these Protected States been in much greater proportion than the progress of Great Britain under Free Trade ?"

No; THEIR PROGRESS has been in much less proportion. The United States, with 76,000,000 people and half a continent of fertile land in which they may expand, with absolute Free Trade among themselves, have naturally made wonderful headway. But they have not caught us up yet even in exports, whilst in imports and shipping they are far behind us. Germany, since she established Free Trade amongst all her kingdoms and principalities in 1878, has done very well, too; but her trade is insignificant compared with ours, and things are in a bad way with her now, owing to the excessive taxation of imports. France is standing still from the same cause, and Russia and Austria are "progressing backwards."

No country has ever made such advances in every direction as the United Kingdom has since she adopted the bold policy of Free Imports in 1846.

*** *It is important that the opponents of Protective Taxes on Food and Raw Materials should be ready to give these answers whenever they are asked any of the above questions.*

CHAPTER II.

WAGES AND COST OF LIVING IN THE COLONIES.

It is boldly asserted by some Protectionists that wages increase under a Protective tariff, and that the cost of living is not any greater. When we examine the facts, however, we find that wages are highest in Natal and Cape Colony, with which we have practically Free Trade and we also find that in the case of New South Wales, which abandoned Free Trade in 1900 in favour of a Preferential Tariff arrangement with the other Australian Colonies, wages have *not* increased, but the cost of living has decidedly become greater since the Tariff Act came into force. The following figures are taken from the official Handbook issued for the information of Emigrants, under the superivsion of the Colonial Office. We have selected a few of the most typical industries, which flourish in all the Colonies, for purposes of comparison.

TABLE XLIV.

	Blacksmiths. per day	*Carpenters.* per day
Victoria	9s. to 10s.	9s. to 10s.
New South Wales ..	9s. 4d. to 12s. ..	7s. to 10s.
Queensland	9s. to 12s.	9s. to 10s. 6d.
South Australia	10s.	9s. ..
West Australia	8s. to 13s.	about 12s.
Tasmania	7s. to 10s.	7s. to 10s.
New Zealand	10s.	9s. to 12s.
Natal	12s. to 14s.	15s. to 16s.
Cape Colony	10s. to 17s.	10s. to 17s.
Canada	6s. 3d. to 11s. 4d. ..	6s. 3d. to 11s. 4d.

TABLE XLIV.—(*Continued*).

	Masons. per day	*Farm Labourers.* per week with board, &c.
Victoria	9s. 4d. to 10s. ..	12s. 6d. to 20s.
New South Wales ..	10s. to 12s.	15s. to 20s.
Queensland	10s. to 12s... ..	15s. to 25s.
South Australia ..	10s.	10s. to 18s.
West Australia	6s. to 13s. 6d. ..	—
Tasmania	7s. to 10s.	10s. to 18s.
New Zealand	9s. to 12s. 6d. ..	15s. to 25s.
Natal	12s. to 17s... ..	14s. to 20s.
Cape Colony	10s. to 17s... ..	30s. to 40s.
Canada	8s. 4d. to 15s. 5d. ..	10s. 6d. to 21s.

We have taken the figures of our chief self-governing Colonies, omitting those where native labour is largely employed, as the statistics of the latter would be entirely misleading.

Coming now to the case of New South Wales, which, being a British Colony, is the most significant illustration available of the result of changing from Free Trade to Protection, we have taken the figures from the Emigrants' Handbook for the year 1899 (the year before New South Wales joined the Confederation), and the present year (1903), to show the effect of the change :—

TABLE XLV.

Wages.	1899.	1903
Bakers	50s. per week ..	45s. per week
Blacksmiths	9s. 4d. to 12s. per day	9s. 4d. to 12s. per day
Carpenters	8s. to 9s. per day ..	7s. to 10s. per day
Engineers	9s. to 12s. per day ..	1s. 3d. to 1s. 6d. per hour
Painters	8s. to 9s. per day ..	7s. to 9s. per day
Plumbers	9s. to 11s. per day ..	1s. 3d. to 1s. 6d. per hour
Saddlers	30s. to 50s. per week	5s. to 11s. per day
Stonemasons	9s. to 11s. per day ..	10s. to 12s. per day
Upholsterers	10s. to 12s. per day ..	40s. to 65s. per week

It will be observed that in only one case, viz., stonemasons, is there any increase ; in all the others, wages are either stationary or show a substantial diminution. But it is when we come to consider the effect of the Preferential Tariff upon the COST OF LIVING in New South Wales that the most marked change is visible.

TABLE XLVI.

Prices of provisions (New South Wales) :—

	1899.	1903.
Bacon	8d. to 1s. per lb... ..	9d. to 1s. 1d. per lb.
Beef	3d. to 5½d. per lb. ..	5d. to 8d. per lb.
Mutton	1½d. to 2½d. per lb. ..	4d. to 5½d. per lb.
Bread	1¾d. per lb.	2d. per lb.
Butter	9d. to 1s. 2d. per lb. ..	10d. to 1s. 3d. per lb.
Cheese	6d. to 10d. per lb. ..	8d. to 10d. per lb.
Coal	16s. to 20s. per ton ..	16s. to 20s. per ton
Coffee	1s. to 1s. 6d. per lb. ..	1s. to 1s. 6d. per lb.
Eggs	1s. to 1s. 6d. per doz. ..	1s. 6d. to 2s. per doz.
Flour	10s. 3d. to 15s. per 100 lb.	13s. to 15s. per 100 lb.
Milk	4d. per quart	5d. per quart
Potatoes ..	4s. to 6s. per cwt. ..	4s. to 6s. per cwt.
Sugar	2d. to 4d. per lb. ..	2½d. to 4d. per lb.
Tea	1s. to 2s. 6d. per lb. ..	1s. to 1s. 6d. per lb.

In regard to Clothing the Handbook (1903) says :—

"Clothing is about 25 to 40 per cent. or 5s. to 8s. in the £ dearer than in England, *prices having risen owing to the new tariff.*"

A very simple calculation will show that the cost of living must have increased from 20 to 40 per cent. in New South Wales, owing to the rise in all the necessary articles of diet. What this must mean to a working man with a large family can be well imagined. There can be no doubt that what has happened in New South Wales would happen in Great Britain and Ireland if we once abandoned our Free Trade policy in favour of a Preferential Tariff arrangement with the Colonies. Wages would either fall or remain stationary, and the cost of living would be substantially increased to every man, woman, and child in the United Kingdom.

CHAPTER III.

THE EXAMPLE OF SWEDEN.

In face of the official figures recently published, showing how much better off the working classes in the United Kingdom are than in Germany or France, tho two latter countries are no longer held up as evidence of the wealth-giving power of Protective taxation. In place of them Sweden is now the example most generally insisted upon.

In his recent speech at Newcastle, Mr. Chamberlain said : " By every valid test, Sweden is proved to have prospered wonderfully under Protection." He gave no details, but he made it clear that the test he had in his mind was the growth of deposits in the Savings Banks. The mistake lies in assuming that, because the Savings Banks deposits increased in a greater proportion in Sweden from 1886 to 1901 than in the United Kingdom during the same period, therefore the working classes have prospered more there under Protection than they have here under Free Trade.

Sweden is an agricultural country, where the bulk of the population put their money into the public Savings Banks, which give from 3 to 6 per cent. interest and place no limit on the amount of each deposit. The Savings Banks were only established in Sweden in 1883, and within five years they held a greater amount of deposits than all the other banks in the kingdom. They have become, in fact, the only institutions in which the mass of the Swedish people invest their spare capital. This makes *the amount per head of the population deposited in the Savings Banks*, a very fair test of the general prosperity as far as Sweden in particular is concerned ; while the mere rate of increase since the Savings Banks were established is no test at all.

What, then, is the amount per head of the population ? It is £5 1s. 3¼d., as against £15 11s. 6½d. in

Denmark, £13 0s. 2¾d. in Switzerland, £7 10s. 6¼d. in Germany, £7 8s. 7½d. in Norway, and £6 7s. 0½d. in Belgium. That is to say, in point of savings, Sweden stands at the bottom of the list of what may be called the peasant countries.

Now, as to the comparison with the United Kingdom. The amount per head of the population deposited in the Savings Banks here is £4 2s. 5¾d. This is 18s. 7½d. less than in Sweden ; but the rate of interest here is only 2½ per cent., against from 3 to 6 per cent. there, and the amount of each account here is limited to £200. The express intention here is to discourage the use of the Savings Banks except for the purpose of small thrift ; and they are not carried on for profit. In Sweden, on the contrary, they are carried on for revenue in competition with the commercial and State Banks, and everything is done to attract capital to them. But this is only a small part of the comparison. The working classes in the United Kingdom have many other ways, which do not exist in Sweden, of placing their surplus earnings. The funds of the Building, Friendly and Co-operative Societies, Trade Unions, and Industrial Assurance Companies amount to more than the deposits in the Savings Banks ; the total amount of savings per head of the population being at least double what it is in Sweden. The increase of £16,000,000, or 125 per cent., in the deposits in the Swedish Savings Banks in the last fifteen years is pointed to as a "valid test" of prosperity under Protection. During the same period the total funds of the working classes in the United Kingdom increased by over 200 per cent. under Free Trade. The Chief Registrar of Friendly Societies, an unimpeachable authority, estimates them now at £360,000,000.

Judged by all other tests, Protection in Sweden has been an unmitigated evil. To say that the Swedish people abandoned Free Trade after a fair trial, and have prospered in consequence, is a perversion of history. Ever since the Franco-German war, which gave an immense impetus to their natural industries, they had been progressing at an extraordinary rate,

when, unhappily, their rulers resolved upon a military policy, involving a heavy expenditure and increased taxation. That was indirectly the origin of Protection in Sweden, exactly as it was in France, Germany, Russia, Italy and the United States. Up to 1884 the chief source of revenue in Sweden was the land tax; the general populace being very lightly taxed, and peace and contentment prevailing, just as in Great Britain since the repeal of the Corn Laws. In that year, however, the landowners, alarmed at the prospect of additional taxation, sought a means of shifting it from their own shoulders to those of the industrial section of the community. In order to conceal their object, their party in the Riksdag formulated a fiscal change similar to that now proposed for the United Kingdom—namely, a low tariff to combat foreign competition. They drew to them all those manufacturers who saw their profit in shutting out imports of their particular products; and together they made a powerful political combination. The mercantile and labouring people fully realised the danger, and offered a desperate resistance. For four years there was waged the bitterest class conflict that has occurred in the recent annals of any country. The traders and workers would have won the day, if there had been an equitable electoral system. Instead of that, there was an extremely limited franchise, besides peculiar restrictions on the popular choice of candidates which are not known, and would not be tolerated, here. The issue of the struggle was most curious, and, as the case of Sweden is constantly referred to in the present controversy, it is allowable to recall the precise manner in which Protection was forced upon her.

At the General Election of 1888, which was fought solely on the fiscal question, a majority of Free Traders were returned. It was discovered, however, that one out of twenty-two successful Free Trade candidates for Stockholm had not paid his taxes some years before; and it was claimed that this invalidated the election of the whole twenty-two. According to the law as it then stood, not only was this extraordinary contention

upheld, but the twenty-two seats were awarded to the defeated Protectionist candidates. This gave the landowners and their friends a majority in the Riksdag, and they immediately employed it to pass measures which reduced their opponents to helplessness, and have placed the country at their mercy ever since.

What followed is precisely what may be expected to follow under corresponding conditions in the United Kingdom. The "moderate" duties on foreign imports were raised again and again, and one tax after another was added, until they constituted a prohibitive tariff against many articles. The natural industries of the country, formerly the source of a flourishing export trade, were hampered, and in some instances destroyed. The corn duty had this effect. From being a large exporter of bacon, to the extent of 3,000 metric tons so late as 1895, Sweden now exports none; but she imported 10,000 metric tons last year, the only meat the Swedish labourer tastes being American pork. This trade has all gone to Free Trade Denmark, whose export of bacon rose from 51,000 metric tons in 1895 to 63,500 metric tons in 1902. The butter trade, in which Sweden bade fair to excel the whole world, has largely gone the same way, the bulk of the Swedish population, even on the farms, having to be content with margarine; while most of the butter which they still manage to produce finds its way to England as Danish. The other staple industries—iron, timber, and wood pulp, are similarly depressed and restricted by taxes on food, clothing, implements and every other necessary or convenience. On the other hand, a number of artificial manufactures, quite unsuited to the country, have been fostered by the Protective duties, and pay enormous profits to the monopolists, at the expense of the consumers. The cost of living in Sweden, which used to be one of the cheapest countries in Europe, has so increased under Protection that it is now higher than in the United Kingdom, while the average rate of wages is about 40 per cent. lower.

Mr. James Calvert, an English engineer, naturalised in Sweden, an entirely unprejudiced witness, states

(*Daily Chronicle*, 23rd October, 1903) that a general average of the whole engineering trade of the country, taken during a recent lock-out of 20,000 men, showed the wages of skilled mechanics to be 4¾d. an hour, as against 7½d. in the United Kingdom. He adds :— "Moreover, the Swedish mechanic has to pay 4½d. per lb. for his sugar, about forty per cent. duty on his bread, twenty-five to thirty per cent. duty on his clothes, and so on all along the line ; in addition to which he has to pay, in cities like Stockholm and Gothenburg, from £7 to £10 per annum for *one room* to live in. Taking another branch of industry, the textile trades, the average wage earned by a girl working sixty to sixty-five hours per week is about 9s. 6d., as against the average of about 14s. for fifty-six hours' work in Lancashire. I could give numberless instances of the same kind."

Mr. Calvert, who has lived in Sweden for twenty-five years and watched the recent course of her industrial development, declares that nothing but the great natural wealth of Sweden, aided by the vigour and capability of the most highly educated race in the world, has enabled her to hold her own under the terrible disadvantages of her fiscal system. He asks, most pertinently, how it comes about that the rate of emigration of skilled labour from Sweden is ten times greater than from the United Kingdom. The following figures speak for themselves. In the ten years 1871–1880 the number of emigrants was 150,269. In the ten years 1891 to 1900—with Protection in full force—the number was 246,811, or nearly 5 per cent. of the whole population.

The opponents of Mr. Chamberlain's policy could wish for nothing better than that the facts regarding the operation of Protection in Sweden should be made widely known. That country does indeed, afford a striking example for the British people at the present moment—an example which should serve as a warning to every other country that may be afflicted with Protectionist tendencies.

CHAPTER IV.

OUR HOME TRADE.

The foundation of Mr. Chamberlain's case is the assertion that British trade is decaying ; or, if not as yet actually decaying, is in that condition of stagnation which precedes decay.

This assertion he supports by quoting the figures of our foreign trade. These figures, he says, show that our trade has been practically stagnant for the past thirty years. We pass over for the moment the fact that Mr. Chamberlain, in order to make his comparison, takes the figures for the year 1872. It might be pointed out that this was notoriously an abnormal year, that the economic effect of the Franco-German War had been to disorganise trade in many ways, and to invalidate for the time any conclusions that might be drawn from a then comparison between the trade of the chief European producing countries. But let that pass. Suppose that, instead of comparing British trade now with British trade in a year when exceptional openings were presented to us by the fact that the energy and resources of some of our chief competitors had been absorbed in other than commercial conflicts, it were shown that the increase of our foreign trade, taking normal years for purposes of comparison, had been only a slight increase. Would that prove Mr. Chamberlain's point?

It would not. And for this reason—that Mr. Chamberlain entirely ignores the whole of our home trade.

It must have been a subject of serious bewilderment to many people to explain the difference between Mr. Chamberlain's assertions as to the stagnation of British trade and the actual facts as we see them in English life and industry. If you have been inclined to accept

Mr. Chamberlain's statistics, and the conclusions which he has based upon them, has not some such shadow of doubt about them passed over your mind as this : That if the conclusions were correct, if British trade were really stagnant, the moral of these statistics would be found written in the actual conditions of life in England? That the amount assessed to Income Tax would be stationary or declining, the wages of the working classes would have fallen, Savings Bank deposits would have decreased, and so forth ?

Now, if you turn from Mr. Chamberlain's statistics to the actual facts of life in England, you find that those facts do not bear out his conclusions. Wages have risen in England, not merely in terms of money but in purchasing power; Savings Bank deposits and Friendly Society funds have increased enormously*; the amount assessed to Income Tax has doubled†; bankers' cheques cleared have risen in amount from £4,826,000,000 to £10,029,000,000 sterling; pauperism has decreased ‡. There is not one single piece of available evidence, drawn from actual life, but what points to expansion and increasing prosperity.

Is it not perfectly clear that when, instead of supporting the conclusions which Mr. Chamberlain draws from his statistics, the actual facts of life all support conclusions in exactly the opposite direction—is it not perfectly clear that there must be some omission or imperfection, some overlooked and forgotten element in those statistics ?

And that forgotten element is our home trade.

There is no actual record kept of our home trade ; but it is possible to get at it approximately. The Board of Trade computation is that the wages paid in England for our exporting industries amount to about £130,000,000 per annum. But the total wages bill of this country is between £700,000,000 and £750,000,000 a year. Our export trade, indeed, employs only about one-fifth of the total labour of the country.

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* See Table XXIII., p. 36.
† See Table I., p. 4.
‡ See Tables IV. and V., pp. 38 and 39.

The item which Mr. Chamberlain leaves out of account is therefore the vastly most important factor in British trade. No wonder that the facts do not support his conclusions when he begins with such an act of forgetfulness.

The fact is that very frequently of late years a slackening of foreign trade in certain industries, instead of being any proof of stagnation or decline, has been brought about by the very fact of the increasing prosperity of our home population. Our own English home market has made such a demand for goods that the whole resources of our manufacturers have been taken up in meeting that demand.

Take, for example, the steel trade. Mr. Chamberlain insists that an import duty of 10 per cent. is necessary, and would be efficacious to prevent our home trade being filched from us by the foreigner. Mr. Hugh Bell, of Middlesborough, an expert of life-long familiarity with the subject, on the other hand, declares that it is not necessary, and would not be efficacious, if it were. He points out (*Independent Review*, September, 1903) that the total import of iron and steel into the United Kingdom last year was £15,000,000, whereas the domestic output was £150,000,000. His comment on the fact, with reference to Mr. Chamberlain's Fiscal Policy is this :—"To offer a trade of £150,000,000 the benefit of Protection against a paltry 15 or 16 millions of imports would be the merest mockery. To tender it an import duty on food would be to add injury to insult." Those few plain words of a great captain of industry are themselves a complete answer to Mr. Chamberlain's arguments.

When a proposal for revolutionising our fiscal system is thus found to begin in a complete misconception of the conditions of the problem, it is of no more value than the prescription of a physician whose diagnosis is utterly wrong. Mr. Chamberlain is offering pills to a healthy man.

It is by a study of facts that we must decide this matter. If a man at six o'clock on a summer morning

were to say that it was still midnight and dark, we could not argue with him ; we could only say, " Look ! " And when Mr. Chamberlain says that England is decaying and declining we can only say, " Look ! " Not merely look to theories, but look to the facts of English life.

CHAPTER V.

FALLACIES OF THE NEW PROTECTION.

On October 6th Mr. Chamberlain produced "a definite and complete scheme" of tariffs, comprising not only Preferential trade with the Colonies but Protection of a far-reaching character. He even fixed the subjects and limits of the taxation which he regards as necessary for those two purposes. It constitutes such an entirely "new fiscal arrangement" that, instead of general Free Trade with a few exceptions for revenue only, it leaves scarcely anything duty free except certain classes of raw materials.

The exact proposal is this:—To place as a preference to the Colonies and to protect British millers and farmers a duty of 2s. a quarter on all kinds of grain except maize; a duty of 5 per cent. on dairy produce and all kinds of meat except bacon; and a substantial duty on wine and fruit. To protect British manufacturers by an average duty of 10 per cent. on all manufactured or partly manufactured imports from foreign countries. To lessen the burden of the new food taxes on the poor by a reduction of existing revenue duties to the extent of $4\frac{1}{2}$d. per lb. on tea, $\frac{1}{4}$d. per lb. on sugar, and 1d. per lb. on coffee and cocoa.

There is no disguise about this. The policy in both its parts is pure Protection, with the avowed object of favouring certain classes and interests by the taxation of the whole people. In a letter subsequent to his speech at Glasgow, Mr. Chamberlain announced that it is the German tariff which he intends to adopt for the United Kingdom; but though, under his proposals, the average rate of duties is lower than in Germany, the actual scope of taxation is much wider, because the British are incalculably more dependent upon oversea trade than the Germans are.

That, however, is the scheme in favour of which Mr. Chamberlain invites the nation to abandon the policy of the last fifty years on the ground that under it :—

1. The unity of the Empire will be secured on a basis of commercial reciprocity.

2. The loss of foreign markets for our manufactures will be more than compensated by the expansion of trade with British possessions.

3. British industries will be so stimulated and safeguarded that while the profits of capital will be increased, there will be full employment at a high rate of wages for all the labour in the country.

4. Foreign countries will be so alarmed for their export trade to British markets, that they will reduce their hostile tariffs and accord us fair treatment.

5. The Protective taxes, though yielding a large revenue for public purposes or for reduction of Income Tax, will not increase the burdens of the people, because they will be paid by the foreign producers.

6. The cost of living will be lowered for every family in the United Kingdom, because the reduction of the existing revenue duties on food will amount to more than the new Protective taxes.

These are the propositions which the opponents of Mr. Chamberlain's policy have to face and to disprove. The best way to do that is to take them *seriatim*, and to show wherein each of them is unsound, speculative, or fallacious.

1. Mr. Chamberlain's scheme fails to establish any equitable reciprocity between the United Kingdom and the Colonies. The proposed Preference on food would be of very unequal and quite uncertain benefit to different British Possessions. It would be of substantial value to Canada, less to New Zealand and Australia, none at all to South Africa, India, Ceylon or any of the smaller Dependencies. On the other hand, there is no assurance, not even a reasonable probability, that any of the Colonies will lower their tariffs in our favour. All present indications are decidedly against their doing so.

2. The loss of foreign markets for our manufactures is a certainty under Mr. Chamberlain's scheme. The amount involved exceeds £200,000,000 annually—in 1902 it amounted to £231,727,297—whereas the expansion of trade with British Possessions is altogether problematical, and depends largely on the extent to which the Colonies may refrain from setting up new industries that might compete with similar industries in the United Kingdom.

3. The exclusion or restriction of imports of wholly or partly manufactured goods, instead of stimulating or safeguarding British industries as a whole, would depress them by raising the cost of necessary supplies, limiting the choice of markets, disorganising freights and exchange, and making it impossible to contract in advance without great risk.

The belief that large periodical imports of cheap foreign goods displace British labour is to a large extent delusive. They often have the opposite effect of extending branches of trade and manufacture which could not otherwise be carried on profitably. A striking instance of this may be given. At the last meeting of the Newport Harbour Commissioners the returns showed that the trade of the port is greater than ever before, owing to the rapidly increasing influx of iron and steel bars and billets from Belgium and Germany to supply the Welsh factories. The import of these articles in September reached the record figure of 23,263 tons. The Chairman stated that most of this vast bulk of metal has been dealt with in Newport and the neighbourhood, resulting in an export of over 9,000 tons of tinplates, galvanised iron, and other finished goods. The foreign materials are unloaded at Newport, manufactured at Newport, and then shipped again from Newport—each operation circulating money and employing British labour. Mr. Chamberlain was quite mistaken when he said at Greenock that the tinplate trade has gone. The McKinley Tariff seriously disorganised it for a time, but the free import of cheap materials saved it, and established it more firmly than before. Mr. Chamberlain's Tariff would be a far

worse calamity for it than the McKinley Tariff was. The latter has already cost the American consumers of tinplate £20,000,000, but has done the British tinplate trade no permanent harm, having merely diverted it into more profitable channels. That is only one of many important British industries which flourish on the products of cheap foreign labour, or the excess products of Protected countries. All of those industries, and numbers of others which depend upon them, would be hampered by Mr. Chamberlain's policy.

4. No country has ever yet lowered its tariff from fear of losing its export trade through retaliation on the part of another country. All experience shows that exclusion merely provokes exclusion. The high German tariff adopted in the last session of the Reichstag was the answer to the Dingley Tariff in the United States; but instead of the United States lowering their tariff in consequence, they have imposed special restrictions, almost amounting to prohibition, on various classes of goods which chiefly come from Germany. At the end of a ruinous tariff war that lasted three years, Russia maintained her present average tariff of 131 per cent. After an exhausting fiscal struggle, in which they came perilously near to actual hostilities, France and Italy stood just where they were before. But in all such conflicts, if any reductions are conceded on either side, the United Kingdom gets the full benefit under the Most Favoured Nation Clause.

5. If the proposed Protective taxes will not increase the burdens of the people by increasing the price of commodities, it stands to reason that the whole object of the new policy will be defeated, because the Colonial producers will get no advantage, and the home producers or manufacturers will get no Protection. It is only by raising prices that the new taxes can produce any of the desired results.

The theory that the foreign producers will pay the taxes, moreover, is quite untenable. There might be some truth in it, if they were now making a very large profit on the goods we buy from them. In that case, they might lower their prices so as to include the import

duty here, and be content with less profit rather than lose the trade. But that is notoriously not so. The very grievance is that the foreigners place their goods on our market at such a narrow margin of profit that the home producers cannot compete with them. The inevitable effect of the duties, therefore, would be to raise the price to the consumer. That is what takes place with regard to British goods in any foreign country. The price there is the price here *plus* freight, charges, and duty, all of which are paid by the foreign consumer.

The two contentions, therefore, are self-destructive. There cannot be Preference and Protection without increasing the burdens of the people in the United Kingdom.

6. Upon the bare balance of figures, it is clearly proved by the Blue Books that the cost of living of every family in the United Kingdom, instead of being lowered would be appreciably increased by the proposed transfer of taxation from tea, sugar, coffee, and cocoa, to bread, meat, butter, cheese, eggs, and fruit. By a most careful calulation, Lord Goschen has shown that the loss to the working-man could not be less than a penny a week, or fivepence without the remissions of war taxes, *which ought to be made in any case.*

This interference with their food supply, however, is by no means the only or the greatest affliction that the new policy would bring upon het working classes. The average duty of 10 per cent. on foreign manufactures would hit them hard in every function of their lives. Their clothes, their boots, their bedding, their furniture, their tools, every necessity or convenience of their home or their industry would be taxed ; and in the aggregate, their equipment for the battle of life, already scanty enough from unavoidable circumstances, would be seriously reduced by exactions for which there is no just cause whatsoever.

For all the above reasons, the new Protective Policy, which differs from the old in nothing except the deceptive moderation of its first proposals, should be resolutely opposed by all who take a broad view of the national welfare and of the destiny of the Empire.

PART V.

NOTABLE SPEECHES.

PART V.

Notable Speeches.

On the 15th May, 1903, Mr. Chamberlain, Secretary of State for the Colonies, delivered a speech at Birmingham, on his return from South Africa, in which he announced his intention of making the question of Preferential Trade with the Colonies, by means of the taxation of imports into the United Kingdom from foreign countries, the main issue at the next General Election.

On the 22nd of May, in the House of Commons, Mr. Chamberlain more clearly defined his proposals especially in the now historical announcement, "If you are to give a preference to the Colonies, you must tax food," and in a further suggestion that, though more difficult, it might also be a necessary part of the plan to put taxes on imported raw materials.

These two speeches were the origin of the controversy on the Fiscal Question of 1903, which, after having caused a serious dissension in the Unionist Party, culminated on the 18th September in the announcement that Mr. Chamberlain, Secretary of State for the Colonies, Mr. Ritchie, Chancellor of the Exchequer, and Lord George Hamilton, Secretary of State for India, had resigned office. In August, Mr. Balfour, First Lord of the Treasury and Prime Minister, addressed to his colleagues a State Paper, which was made public on the 16th September, announcing the adoption of Retaliatory Customs Tariffs as the policy to be brought before the country by his Government. In his letter of Resignation, published the 18th September, Mr. Chamberlain declared

his determination to pursue his policy of Preferential Trade by means of taxes on imports, in an independent position.

The following passages from the speeches of public men in the course of the controversy, give the main points, on various branches of the subject, which are calculated to be usefully employed by speakers and writers in the coming contest, who are opposed to Mr. Chamberlain's proposals:—

Taxation of Raw Material.

Let me ask the farmers present, or those who are interested in agriculture present, whether they really think, from the point of view of feeding-stuffs, whether they consider that this tax really is to their advantage. I will give some reasons why I think precisely the contrary. I well remember the anxious discussions we had in the Cabinet when we were considering the Budget of last year, and this tax was finally decided on; and the argument against it which was felt most acutely was that this was not merely a trifling tax on corn, but a tax on the raw material which farmers use in their industry. That point was very anxiously considered in the Cabinet, and it gave us very serious pause. The facts have turned out, I am afraid, precisely as might have been anticipated. It has turned out that, in fact, the tax has operated as a great burden on the raw material used by farmers. This is a question which luckily can be decided by figures. The tax brings in now, I think, a total of about £2,500,000. I sent yesterday to inquire how much of that was paid in respect of grain and how much in respect of feeding-stuffs used by the British farmer; and the information I got is to the effect that of that £2,500,000 a little less than one-fourth, but more than one-fifth, is actually levied on the feeding-stuffs of the farmers—in other words, upon the raw material they use in their industry. The exact figure is that the tax on feeding-stuffs paid under this duty amounted last year to no less than £582,000. There is no other industry in this country that I know of—except, possibly, some of the industries which use sugar as a raw material—but there is hardly any other industry in this country, so far as I know, in which we tax the raw material at all.

Mr. Balfour, in reply to Protectionist Deputation. 15th May, 1903.

An Australian Point of View.

I am absolutely opposed to a preferential tariff, which would hamper the trading relations of Australia with foreign countries. Some time in the future there will be an immense trade between Australia and the western coast of America, Japan, China, and India; even at the present time the trade of Australia with countries other than Great Britain is increasing by leaps and bounds, and any embargo on foreign goods would inevitably cause retaliation.

Sir William McMillan. Melbourne. 18th May, 1903.

A Bad Bargain. Great Britain and the Colonies.

The figures of our commerce must be remembered, figures so surprising that I do not dare to cite them from memory ; and the Chamber of Commerce will probably ask whether it is wise without long and deep consideration to change a fiscal system under which such results have been obtained. It must be remembered that, if we quarrel with or separate materially from the customers who give us at least two-thirds and possibly three-quarters of our trade in order to oblige a customer who gives us a quarter or a third, we shall not be doing a wise thing in our own interest and not be doing a wise thing even in the interest of our colonial customer ; because it is possible that, if we were not able to accumulate wealth by the trade by which we have accumulated it, we shall not be able to bear the expenditure of 70 millions for defence which we bear in the common interests of the Empire. We are told that we do not do much for the Colonies. But it must be remembered that though we are not able, under our present fiscal system, to give advantages to our Colonies, yet at the same time we bear practically the whole burden of Imperial defence, for which we pay about 70 millions sterling this year ; and when the balance is cast, that great factor should not be left out of sight, and we should not be told that we are not doing our duty by the Colonies. I do not say that under any circumstances the British Islands would not require great armaments, though I have sometimes hoped that they might be cheaper than they are. At any rate, it is for our pride of Empire and our wish for the closer connection of our Empire and the protection of our trade that this enormous burden falls upon us. We bear it cheerfully, and that must not be omitted from the computation of the debtor and creditor account of Great Britain and her Colonies. It will have to be considered from the Imperial point of view whether the system of reciprocal tariffs would really bind the Mother Country more closely with her Colonies than is now the case. The Chamber of Commerce will have to think what the situation might become—how Great Britain might have annually to submit to the pressure of various Colonies who were discontented with the tariff as then modified and wanted it modified still further. If they consider Great Britain as a target at which all these proposals for modification and rectification would be addressed, I think it will occur to the Chamber that it would not altogether add to the harmony of those relations to have these shifting tariffs existing between Great Britain and her Colonies.

LORD ROSEBERY, addressing the Chamber of Commerce at Burnley. 19th May, 1903.

Free Trade and the Empire.

The followers of Free Trade believe in it because they know by experience it is the only fiscal policy by which the resources of this country can be best adapted to the increase of wealth, the maintenance of our industrial supremacy in the markets of the world, and the diffusion of prosperity among all classes of our community. Mr. Chamberlain invoked in favour of the new proposal the authority of Cobden and Bright, because they approved of the policy which was embodied in what was called the French Commercial Treaty of 1860 and 1861. That treaty, however, so far from being any precedent for or any justification for the policy of what is called reciprocity or retaliation or preference, was exactly the reverse. In a

letter Cobden himself said : " We give no concessions to France which we do not apply to all other nations." That made all the difference between a commercial treaty in the Cobdenite sense of the word and this new-fangled doctrine of preference and retaliation. Mr. Gladstone used a memorable phrase in defending the treaty, expressing the same idea in different language, saying : " It is, though in form a treaty with France, in fact a treaty with the whole world." The question is whether the Empire in the largest and widest sense would gain or lose if the United Kingdom were to abandon its traditional policy of absolute Free Trade and return to the system of preferential or retaliatory import duties. The facts about Imperial defence show that it costs about seventy millions sterling. The contribution towards that on the part of the eleven self-governing Colonies is at the rate of 2s. 9d. per head, while in Great Britain and Ireland it is 29s. per head. I am not reproaching the Colonies ; but, this being the distribution of the common burden, it is of paramount importance to all that nothing should be done to impair the wealth, the productive power, or the taxable capacity of the people of the United Kingdom.

Mr. Asquith at the Corn Exchange, Doncaster. 21st May, 1903.

What Preferential Trade would mean.

In 1901 the over-sea trade of the United Kingdom amounted, roughly, to 800 millions sterling ; and this trade was done with British possessions to the extent of 200 millions and with foreign countries to the extent of 600 millions. Much the largest trade was with the United States, and that should be borne in mind when we think of the consequence of a change of the fiscal system. We do more trade with Germany than with Australia, and more with Russia than with Canada. We ought to be careful lest in the vague hope of increasing our Colonial trade we cut down the larger trade with foreign countries. Are we going to tax four-fifths and let in one-fifth tax free ? The effect of this proposal, if carried out either in the taxation of food or raw material, will be to raise the cost of production of our manufactures. If we begin to give preference to one Colony we must give it to all ; and look at the rivalries and jealousies that would be created. This change is not desired by the major portion of the Empire. Its benefits to the Colonies are in the highest degree problematic and uncertain ; but it involves, of a logical necessity, the imposition of a tax upon the great bulk of the food and raw material which form the subsistence of our people and the basis of our prosperity. From the largest and widest point of view of Imperial policy it would tend to brew ill-feeling at home against our fellow-subjects in the Colonies, to foment jealousies and misunderstandings between the Colonies themselves, and lead to a new and more embittered war of tariffs all round the world. Until some better substitute can be discovered, let us stick to our well-tried policy of free markets and an open door.

Mr. Asquith at Doncaster. 21st May, 1903.

Unionist Imperialism.

It would need all Mr. Chamberlain's most weighty arguments, his most precise calculations, all his courage, and all his oratory to persuade the English people to abandon that system of Free Trade and cheap food upon which they had thriven so long and under which they have advanced from the depths of poverty and distress

to the first position among the nations of the world. The policy which the Unionist party should pursue must be a policy of Imperialism, but not of one-sided Imperialism. It must not only look abroad or only look at home. While we cherish the loyalty and friendship of our Colonies, we must not disregard or think of small consequence the very urgent needs of our immense working-class population and the real sources of our national wealth. The far-seeing eye of Lord Beaconsfield, whose memory is still so fresh and vivid, ranged far across the waters to the most distant Colonies and possessions of the Crown, but at the same time he did not neglect the great questions of social reform, and first and foremost in his mind he set the virtue and the prosperity of the English people. It will be by following as closely as we may the example of his statecraft, that we shall best serve the interests of the party and of the State.

Mr. WINSTON CHURCHILL at the Shoreditch Constitutional Club. 21st May, 1903.

Preference a Danger to the Empire.

Mr. Chamberlain has given us the outlines of a new policy. It is a policy, as I understand it, of retaliation; but it is a policy recommended by an appeal to the name of Richard Cobden. I shall expect to be told next that John Bright was a strong advocate of the rights of the House of Lords, and that Martin Luther was a warm friend of the Pope. We are asked to sacrifice that Free Trade which has been the main source of the commercial greatness of England for the last fifty years, and to sacrifice it for a distant and doubtful gain. I could understand the advocacy of a Zollverein, because that means universal Free Trade between every part of the Empire. But what is proposed is not a Zollverein. It is a proposal that we should enter on a long course of commercial negotiations leading up to commercial treaties to be arranged with a variety of Legislatures—that we should sacrifice our own fiscal freedom, that we should enter upon a vista of bargaining and haggling, and probably wrangling and controversy, with our self-governing Colonies. I believe that no greater danger could be inflicted on the Empire than by entering upon a course of that kind.

Mr. BRYCE at the National Liberal Club. 21st May, 1903.

A Canadian View.

England has dealt generously with us in the past. England has given us a larger degree of liberty, perhaps, than is possessed by any other country on the face of the earth. She has given us liberty to tax her wares even when she admits our goods free, and we have taxed them to an enormous degree. Why should we want England to do more?

Mr. FIELDING, Minister of Finance, in the Canadian House of Commons.

The Unionist Free Trade View.

I am quite unable to understand how we can adjust an elaborate system of tariffs for the ostensible benefit of the Colonies without involving ourselves in a series of most angry and difficult negotiations which in all probability, so far from strengthening the ties which unite the Colonies to the Mother Country, would tend to

throw an apple of discord between them. From a political point of view, no less than from a fiscal point of view, that would be a profound mistake. I desire most earnestly to see the Colonies more closely drawn to the Mother Country, but I do not believe that a fiscal arrangement should precede a political arrangement, and, speaking as much in the interests of the Colonies as in the interests of the Mother Country, I cannot conceive that any fiscal arrangement would be wise or proper except one that would extend to the whole Empire that system of Free Trade which has been so beneficial to the United Kingdom. I believe that the Statesmen of Canada and Australia are leading those great communities on a false path, and the Mother Country could not do them better service than constantly to remind them that our unbounded prosperity arises out of our wise fiscal system. In discussing the question of fiscal rearrangement, let us speak without heat, with frankness, and candour. Let those who sit on our side of the House, who are members of a great historic Constitutional party, not be afraid to utter the beliefs which the party to which we belong have entertained for fifty years, and which we have been accustomed to associate with the abounding prosperity of this country. I hope that just as the Finance Bill (the Budget of 1903) is in perfect conformity with that fiscal theory which we are accustomed to call Free Trade, so the Budgets for fifty years to come may in the same way conform to what has done so much good to the country, and is, I am persuaded, for the truest Imperial interests of the future.

LORD HUGH CECIL. House of Commons. 28th May, 1903.

What the New Policy would lead to.

The new policy of tariffs ought not to inspire the Conservative party with enthusiasm. The Colonial Secretary will not be able to stop at a simple system of preferential tariffs. He will have to fight a fierce battle, in which his supporters will be the manufacturing fair traders and the agricultural Protectionists. The idea of giving a preference to the Colonies in matters which we must tax in any case for revenue has now been extended to preference in food-stuffs. This means a change, not only in historic English parties, but in the conditions of our public life. The old Conservative party, with its religious convictions and constitutional principles, will disappear, and a new party will arise, rich, materialist, and secular, whose opinions will turn on tariffs and who will cause the lobbies to be crowded with the touts of protected industries. What is the cause of this change? Never was the wealth of the country greater, or the trade returns higher, or the loyalty of the Colonies more pronounced. Is it that we are tired of these good days? There is no popular demand for this departure and it could not have been proposed on more slender provocation.

MR. WINSTON CHURCHILL. House of Commons. 28th May, 1903.

Preferential Policy and the Unionist Party.

Year after year, as Chancellor of the Exchequer in this House, acting with the full authority of my colleagues, and without a whisper of disagreement from any of them, I opposed Colonial preference—first, with regard to wine, though it was pressed upon us by the Australian Colonies; secondly, with regard to tea; and, thirdly, with regard to sugar; and only last year with regard to corn and flour.

Only a few months ago—in January last—the Government ratified the Sugar Convention binding it not to give preference on sugar to our sugar-growing Colonies, though if any preference was to be given anywhere they ought to have had it, And in this year's Budget we have a distinct bar to the adoption of such a policy. Whatever opinion we entertain of it, we must all feel that it is a vital change in the fiscal policy which has been accepted by this country for fifty years, and which has been accepted by our party for so many years. That being so, it is a change that can only be made with the assent of the general opinion of the United Kingdom. I do not say the universal assent but with the very general assent, and it certainly could only be maintained by that general assent because the trial of it would come in times of depression rather than in times of prosperity. Now, do my right hon. friends really think that they have any chance whatever of obtaining such a general assent to this policy? It has united the party opposite, divided for the last eight years, into a happy family. It is dividing our party on this side of the House; and I venture to express my deep and conscientious conviction that if persisted in it will destroy the Unionist party as an instrument for good. For myself I can only say that I am opposed to the policy, to the principles of the policy, of my right hon. friend the Colonial Secretary. I believe they will be deeply injurious to this country, and do more to disunite than to unite the Empire.

Sir Michael Hicks Beach (ex-Chancellor of the Exchequer). House of Commons. 9th June, 1903.

An Authoritative Opinion.

So far as members of the Government who have have spoken on this matter are concerned, all that has been said has been that the question of the preferential treatment of the Colonies should be discussed and inquired into. For my own part, I feel bound to say that I should be surprised if inquiry should show any practical means of carrying out that policy. I avow myself a convinced Free Trader; and I do not share the views of those who think that any practical means can be devised for overcoming the difficulties which present themselves to me in connection with their proposals. I cannot be a party to a policy which, in my opinion, would be detrimental both to the country and to the Colonies.

Mr. Ritchie (Chancellor of the Exchequer). House of Commons. 9th June, 1903.

Fiscal Policy above Party.

As to the fiscal policy of this country, on which almost the commercial existence of this country depends, we do not at this moment know what is the policy of His Majesty's Government. The fiscal policy of this country ought to be far above any party controversy. It involves far deeper and greater interests than those of mere party; and in the interests of all, whether they be importers or exporters, agriculturists or merchants, poor people or rich people, we have a right to know whether there is a scheme or whether there is not a scheme for revolutionising the whole of our fiscal policy, undoing the work of half a century, wiping out Sir Robert Peel and Mr. Gladstone as great statesmen and financiers in the history of this country, and going back to what many of us will think a disastrous state of things. We

have a right to assume that His Majesty's Ministry have made up their minds on so great a question as that of Free Trade and Protection. This great question is not a shuttlecock for the game of political battledore. We have a right to expect that in a great crisis of national policy like this questions of popularity or unpopularity should be nowhere. I believe that the people of this country will uphold the material, moral, and social results which they have witnessed and with which they are familiar, and I have no fear what their verdict will be when that issue is put to them. In the meantime it is trifling with them, it is trifling with all our interests, it is trifling with our Colonies, it is trifling with the great commercial nations of the world that that word retaliation should have been used. Retaliation would involve this country in difficulties far greater than any of us can foreshadow, and therefore it is not only with our own Colonies but elsewhere that difficulties will arise if this policy is embarked upon.

Sir H. Fowler. House of Commons. 9th June, 1903.

Free Imports and Control of the Seas.

The free entry of food and raw materials into our ports is a prime necessity for our industrial population. I feel that we cannot play tricks with a country like England; that a highly organised community with an industrial population closely crowded together is not a subject for experiment, but for delicate and careful fiscal treatment. In view of the danger attending the introduction of the principle of taxing the food of the country, I realise the need for walking warily and of bearing in mind that some, at any rate, of our leading manufactures and industrial activities, foremost among them the shipping trade, have achieved a position under the Free Trade system of permanent prosperity. That system has enabled this country by cheap production of shipping to secure the carrying trade of the world, and has furnished the one link on which the Empire must rely for cohesion—control of the seas and the maintenance of free and open communication between its different parts. In comparison with this question of the interests of our mercantile marine and the control of the seas, all questions of a fiscal character between one part of the Empire and another must necessarily take a subordinate position. The issue on the question of preferential tariffs cannot be much longer delayed, and we shall have to come to a decision, whatever may be the reluctance of the leaders of the Unionist party to make the plunge. I am a convinced Free Trader, and it will require no ordinary arguments to change the convictions which I hold.

Mr. Austin Taylor. House of Commons. 9th June, 1903.

The Evil of Uncertainty.

Our union with the Colonies has shown no signs of decay, and needs no cementing. A system of preferential tariffs would raise very delicate points of Colonial responsibility and self-government. The penalty is on us if we do not buy in the cheapest market. Do those who speak of our relying on worn-out formulæ attack that formula of Free Trade? Inquiry is talked of, but how long will the country tolerate uncertainty on questions which touch the foundations of the national prosperity?

Mr. Toulmin. House of Commons. 9th June, 1903.

Free Food and True Imperialism.

We are in imminent danger—and it is avowed by the Colonial Secretary—of having taxes which would raise the price of the people's food. Therefore, as a member who can not look with equanimity on the cost of the food of the people being raised, I ask the House to maintain its old principle in refusing to entertain the idea of laying on taxation which would materially increase the cost of the necessaries of life. I remember twenty years ago, when the idea of Imperial federation became prominent, this very question of the possibility of drawing more closely the Colonies and the Mother Country was discussed, but all the discussion came to an end upon the discovery that it involved the necessity of taxing the food of the people. We now live in days when obstacles which were a complete bar to the enterprise of our predecessors are to be surmounted. A tax upon food, however excellent its object, is one which the people of the United Kingdom in their present condition cannot possibly endure. The rich could bear it, and what are called the middle classes, the traders and shopkeepers, and the lower middle classes could bear it, and possibly a great many of the working classes, such as skilled workmen and artisans, and members of the great trade unions. But the great mass of the labour of this country is unskilled labour, unorganised, and very often ill-paid. Among the great mass of the people of this country there is such a thing as a living wage. It may be that about two-thirds of the working people of the country get that living wage, and about one-third do not get it. The effect of raising the price of food would be to raise the standard of the living wage all over the country. The result would be to plunge a number of people who are now getting a living wage into the class of those who are not, and also to depress the people who are now not getting a living wage into still greater poverty and hunger. Immediately we raise the price of food we shall greatly increase the poverty, and hardship, and misery among the people of this country. It is said that wages would rise—I have heard it stated, but I have never heard it proved. Even if it were so, wages would not rise immediately. The people would have to fight for increased wages. What would be the condition of the rising generation meanwhile ? If the House at the present time could realise the true condition of the children who go to our schools, they would be perfectly appalled at the degeneracy which is coming upon the people. The condition of the people of this country, and especially the condition of the rising generation, is such that, unless something is speedily done to improve it, we must make up our mind that this country will degenerate in physique. These considerations lead me to say that nothing will persuade me to be a party to such a tax on food as would materially increase its price to the people of this country. I would rather leave Parliament than be a party to any such policy. Some people say, in a sneering kind of voice, " This is mere parochialism. ' I believe is is true Imperialism. I could not conceive anything more mad and foolish than to attempt to found a great Imperial Power upon a population that is not healthy and strong and well brought up. To my mind the true course for Imperialists now to take is to set to work to mend the condition of the people of this country, and not to make it worse by putting taxes on food. When we have got a generation of children growing up that are healthy, properly fed, and properly taught, we may hope to extend the great moral Empire of this

country, and we may hope that in the future the people of this country will be as glorious in the world as they have been in the past.

Sir JOHN GORST. House of Commons. 9th June, 1903.

An Appeal to Reason and Common Sense.

I should like to hear the Colonial Secretary giving his reasons for believing that it is the producer and not the consumer who would pay taxes on food. If the consumer does not pay, the price does not rise, and if the price does not rise, what encouragement is there for increased land cultivation or increased home-grown food supplies? It is most dangerous to raise any expectation of preferential treatment on the part of the Colonies, and any Minister who, knowing how delicate is the position in which the Colonies stand to us, goes out of his way to tempt the Colonies in a matter of this kind incurs a very serious responsibility. If we allow such expectations to be raised we shall be drawn into a system which would land us in fiscal confusion, which would derive us of fiscal freedom, and which, instead of consolidating, would tend to the disintegration of the British Empire. It is easy to give Protection, but it is hard to stop it, for the system spreads like a network. This is what has happened in Germany, France, and the United States; and if we impose a tax on corn, how are we to resist the demand to impose a tax on meat? If we are to give Protection to the Colony which produces corn, why not to the Colonies which produce wine, tobacco, timber, or raw material like wool? But a fresh argument is now being used. It is now contended by the Colonial Secretary that the price of food would rise and that wages would rise in like proportion. No evidence has been adduced to show that a rise in the price of food would be accompanied by a rise in wages, and there is no ground for believing that this would be so. The theory can only apply to a country standing alone in the world where the workers work at a starvation wage and where the manufacturers are not exposed to the competition of other countries. But in this country the people are not working at starvation wages, and it is exposed to competition. If the manufacturer, therefore, was obliged to pay higher wages, he would in many branches of trade be unable to make a profit as against foreign rivals. The proposition is opposed to the doctrines of the best economists. Wages in Germany are much lower than in this country; and as to high wages in the United States, Protection has nothing to do with them. They are due to the excess of the demand for labour over the supply; and what is most remarkable in the United States is that food is free and cheap. The prosperity of the United States is therefore a testimony to Free Trade rather than Protection. I do not pretend that Free Trade is an axiomatic doctrine. Every proposition in politics is open to free discussion in the light of the changed circumstances of the time. I appeal not to the venerable memories of Cobden and Bright, but to reason and common sense. The question goes to the very foundation of our whole fiscal system, and looks even to the reconstitution of the Empire itself. That is a very dangerous position which cannot last. Out of the impenetrable gloom which pervades these proposals there rises a spectre, disquieting every trade and manufacture, and disquieting also not only the Colonies, but foreign countries, which will leave us no peace till the question is settled.

Mr. BRYCE. House of Commons. 9th June, 1903.

A Financial Authority

If we have a Protective duty on corn the transition will be easy to other articles. I ask hon. members seriously to consider what this country has to gain or to lose by giving up its position as a country of cheap imports. There are different reasons for import duties. There is the revenue reason, which is a good reason in many cases. The distinction is great between laying on import duties for the sake of raising revenue and putting on import duties for the sake of keeping out commodities. I rejoice in the Free Trade position of this country ; it is a grand idea that under the British flag, wherever the Home Government has control, British subjects of every race can buy their commodities at the market price. It would be a mighty change to substitute for this position another, into which artificial considerations were to enter, and we should lose the free markets we now enjoy. It would be a serious change to make as a matter of permanent policy. Our desire is to promote not merely the prosperity and wealth of the kingdom, which means the wealth of the people, but the prosperity and unity of the Empire. Looking forward into the future, I feel that the more public inquiry there is the more the public will find that one of the main causes of the prosperity and power of this country lies in the fact that food and raw materials are cheap. The more inquiry the more we shall find that the system advocated by Sir Robert Peel cannot lightly be dismissed as of no account.

Mr. Elliot (Financial Secretary to the Treasury). House of Commons. 9th June, 1903.

An Agricultural View.

Do people forget the origin of Free Trade in corn ? They seem to forget it. Free Trade did not close the doors of the agricultural paradise. It was introduced not, as we are told now, by Mr. Cobden and Mr. Bright. It was introduced by a Conservative Government, which I only mention not from the party point of view, but to show the intolerable pressure which produced the necessity for introducing Free Trade in corn. It was introduced to avert a national famine. It did, as a matter of fact, avert a revolution, because no one can doubt who has read the history of that time that, if Free Trade had not been introduced in 1846, this country would not almost alone in Europe have been exempt from the revolution which swept over the world in 1848. Before, then, you make a change to revert to the state of things which preceded Free Trade, I beg of everyone in this room to study and to read for themselves the history of the condition of the people of Great Britain before that change took place. Then consider long and carefully whether they will make a change having for its effect a return to that state of things. You will gather from what I have said that I, as a landowner, am not particularly attracted by the vision of abundance which is held out before me. I admit that agriculture is not prosperous. I believe that it is as prosperous as in Germany, where you have a Protective tariff, and where you have much more complaint than you have here ; and, when I look to the times that preceded Free Trade, I tremble, even in the depression of agriculture which prevails here, lest in attempting to escape from the frying-pan we fall into the fire ; and, falling from the level —low as I admit it to be—on which we were placed by Free Trade, agriculturally speaking, but a level to which we have accommodated

and adapted our economic conditions, I fear lest we may fall to a lower level still. I tremble, I confess, when I see discussions which seem to me to forget in their courses the terror, the horror, the famine, from which we escaped in 1846, and which, without sufficient consideration and examination, threaten us with a return of that period in pursuit of what I believe to be an illusory benefit.

LORD ROSEBERY, at the Essex Agricultural Show. 9th June, 1903.

A Gamble with the Food of the People.

Suppose we had made a bargain with our Colonies, and suppose that before long dear bread should ensue, not from this protective duty only but from other causes, such as short crops and other defects, may there not be a considerable popular feeling calling for the repeal of that tax? But however much that repeal may be asked for, however great the pressure put upon us, we are tied hand and foot, we have agreed with the Colonies; and we should have to go to the Colonies and ask them, perhaps after vested interests had grown up in consequence of the privilege we had granted, to tear the arrangements up which we had made in order that we might free the people and admit all the imports of grain and food for which the country was so clamorously calling. I think it is admitted by the authors of the plan that the effect of taxation on food would mean an increase in the cost of food, although there may be great differences of opinion as to the question of degree. But it is said there will be at the same time a great increase in wages. Well, now, let that be proved. That is the first question to which all those who are engaged in this controversy ought to turn their attention. Will dearer food mean higher wages? Let no reference be made to text-books by some economist to show that high wages will follow dearer food. I want to examine the facts; I want to know by what economical process, and not by any spinning of a figment of the brain, by what actual process an increase of wages is to follow an increase in the price of food. It is said that in Germany dear food has been followed by high wages, and that in the United States high wages have followed upon the strong establishment of Protection. No argument can be drawn from the example of America to show that what has happened in America would happen here. I want to know the process by which wages are going to be raised. And, another important question, I want to know whose wages are to be raised. Are all the wages in the country to be raised? Is a wave of prosperity to flow from Protection? But they say "We are not asking for Protection, but only for retaliation in certain cases." I want to know how the rise in wages is to come about. Assuming, as I will not grant, that through a certain limited amount of Fair Trade or Protection the wages in the manufacturing districts in the trades which are protected should be raised, what certainty or likelihood is there that the rise in wages would extend throughout the country? It may be said that it would extend to general prosperity; but do not let us get to generalities. Let us rather analyse it and look at the different classes affected. Take first the case of the vast body of men who are employed by the Government, by municipalities, and by public bodies. Are we to pay the dockyard hands higher wages? If so, the difference in the charge will have to come out of the taxation of food which has been pledged for old-age pensions. Then there

is the Post Office. Are the wages of all Post Office employees, of all the railway men, to be raised ? Who will take the responsibility of saying, "Let us put a tax on food and I will guarantee to you all that your wages shall be raised ? " I say that is a tremendous responsibility, and one which I for one would be most reluctant to undertake. What would become of the industries remaining unprotected ? They would all have to pay an increase in the price of food without any compensating advantages, so far as I can see, such as the protected industries might gain. Then there is a class which generally inspires deep sympathy. I mean the lower middle class, the clerks, men who are as poor as or poorer than many of the working classes, and whose wages are kept down by competition. Is it seriously contended that their wages will be raised in consequence of a Protective tariff being applied to certain industries in the country ? I do not think that can be expected. There was a time when there was some hope of a free breakfast table ; but under the present plan not only would there be no free breakfast table, but no free dinner table, no free tea table, and no free supper table. Every meal would have to be taxed, and those vast classes would gain nothing by the imposition of a tax on food followed by higher wages. If the wave of prosperity is to come at all, it would be years before it would reach the submerged class who are hovering on the brink of poverty, the class to whom a few shillings make a considerable difference in their annual expenditure. But another boon is promised which is to be paid out of the tax on food. The money is to go to old-age pensions. To that I would make the obvious objection that, if the hopes of the authors of this plan are to be fulfilled and the Colonial wheat-growing area is to be immensely increased, the taxes will diminish every year, and the amount which is being set aside to pay for old-age pensions will be a diminishing quantity. On the other hand, the liability for pensions once undertaken can never be stopped, and the country may be landed in a position which I know the Government do not desire, and which Mr. Chamberlain himself has repudiated, that without this taxation on food the country would still be saddled with old-age pensions. The liability is there. How is the money to be found ? Every class who derived no benefit from the taxes on food would have to pay for old-age pensions, which at the time of their imposition would be considered as covered by the taxation on food. My lords, I call that a gamble. It is a gamble with the food of the people ; and I trust that the noble Duke (of Devonshire) will tell us that in that gamble he will not take a hand.

VISCOUNT GOSCHEN (ex-Chancellor of the Exchequer). House of Lords. 15th June, 1903.

A Living Empire.

This discussion is to go on, and one thing I will ask His Majesty's Government which I am not in a position to ask except as one of the public. I would ask that the discussion may be so conducted if possible that, if the result should not be that we can assent to the views of the Colonies, no rankling memories should be left behind from anything that is said on either side by one political party or the other here or in their turn by the Colonies. Impatience is natural. There may be impatience ; but let there not be irritation. Let us hope, if we do not see eye to eye, and if the Colonies realise that they cannot press us in this matter because it involves the taxation of food,

that no ill-feeling will be left behind, and that we can go forward on the road towards consolidating our Empire with equal confidence as in the past. The right hon. gentleman the Colonial Secretary used some words pointing to many lost opportunities—and opportunities have been lost—and pointing on the other hand to the glory of a consolidated Empire. He said "that unless the question of trade and commerce were settled satisfactorily he for one did not believe in the continuance of the union of the Empire." They are strong words, and he continued: "We have our chance, and it depends upon what we do now whether this great idea of consolidation is to find fruition, or whether we will for ever and ever dismiss this consideration and accept our fate as one of the dying Empires of the world." We are to accept our fate as one of the dying Empires of the world if we refuse to tax the food of the people! Is the doom of the Empire to be pronounced on every platform if the people refuse to see their food taxed? Is it fair to put the mandate before the people—"No preference, no Empire"? I think it is unjust to the people of this country, I think it is unjust to the people of the Colonies. I think it is unjust to the right hon. gentleman the Colonial Secretary himself, who has done so much and made such steady, and I hope permanent, progress in knitting the Empire together. That is his creed. Surely it is not to depend on commercial bargains with the Colonies. Without commercial bargains the Colonies have lavished their blood in South Africa, and without commercial bargains we have lavished our millions in the protection of the Empire, which includes the Colonies, asking but little in return; and, under these circumstances, I am not to be told that if we cannot accept this plan we are to accept the fate of a dying Empire. The resources of statesmanship, I think, are not exhausted. Before this idea was mooted many and many were the plans by which it was hoped the Colonies might draw closer to us, and we retain our hold over the Colonies. On that road the statesmen of both hemispheres must continue to work, undiscouraged if the result should be against the plan, undiscouraged by failure. Forward this Empire must go, not as a dying Empire, but as a living Empire in the world, and our statesmen must endeavour to realise the fair dream of a cemented Empire without the nightmare of tampering with the people's food.

VISCOUNT GOSCHEN. House of Lords. 15th June, 1903.

A Great Banker's Views.

It is a matter of surprise to me to see in the Press and to hear in conversation doubts so often expressed as to the wisdom of our Free Trade policy, and lugubrious apprehensions as to the present position and future prospects of our commerce and manufactures. There seems to me no ground for despondency, nor any economical reason for changing the fiscal policy of the country. Foreign manufacturers do not venture, if they can help it, to compete with ours without claiming Protection. How does our commerce stand? The total of our exports and imports last year was the largest volume of commerce ever transacted by either our own or any other country in the history of the world. The enormous increase in our trade and its expansion coincided remarkably with the adoption of our Free Trade policy. But it is often said that other countries are making greater progress. Let us compare our own figures with those of other countries. I might well omit the United States, because the enormous

tracts of virgin soil and the great immigration rendered any comparison quite misleading. Still, the increase in our total trade in the five years ended in 1900 about equalled that of the United States. In the case of the other three Protective countries the balance in our favour was greater. In the five years the total trade of Russia rose about £12,000,000 ; that of France, £80,000,000 ; that of Germany, £150,000,000 ; that of the United Kingdom, £170,000,000. Moreover, the figures are the more remarkable, bearing in mind the great falling off in prices. We ought to see our way very clearly before we tamper with a policy which has been so splendidly successful. It has been said that a rise in the price of food might be met by a rise in wages. That might be ; but a rise in wages would necessitate a rise in prices, and a rise in prices would of course seriously cripple our manufactures in the competition of the world. A difference has been drawn between raw materials and food. It is understood that the Government would not consent to tax raw materials. But in the long run a tax on food would hamper our manufactures in the same way as a tax on raw materials. The word " Protection " is misleading. The fact is that a country can only protect one trade at the expense of the others. Germany, for instance, is held out as an example, because she sudsidises her shipping, gives bounties to sugar growers, protection to farmers, to metals, to textile and other various industries. But who pays ? The unfortunate German manufacturer finds the food of his family and workpeople raised by the protection of agriculture, his children have to pay more for their sugar in consequence of the sugar bounties, his clothing and that of those dependent on him is dearer on account of the exclusion of foreign tissues, he has to pay more than he used to do formerly for any manufactures or machinery he has to buy, and he is taxed to promote canals and to subsidise steamship companies. Last, not least, he has to fight in the Reichstag, or there is no knowing what additional burdens may be imposed upon him ; and over and above all the other uncertainties of commerce he never knows whether his own Government may not ruin him either by subsidising some rival industry or by depriving him of some special privilege. Complaints are made that we have only one-sided Free Trade ; but Free Trade is good for a country whether other countries are wise enough to adopt it or not. The favoured-nation clause is the real sheet-anchor of our commerce. Protectionist nations in endeavouring to exclude foreign goods tend to exclude themselves from other markets. Is there any evidence that we are losing ground in other parts of the Empire, such as India and the Colonies ? Not at all. In four years our imports into India increased 10,000,000 tens of rupees, those of the whole of the rest of the world 5,600,000 ; those into New Zealand and Australia, £8,000,000, against £6,000,000. Canada has shown her friendly feeling to the Mother Country by granting our trade a preference, and we greatly appreciate this evidence of good will. Our trade has increased £3,000,000 with Canada, and the result to Canada has been that her people have got increased supplies of cheap goods, her agriculture has benefited, farmers are flocking in from the United States and settling up the far West. If she would pursue the same policy further she would, I feel sure, inaugurate a period of immense progress and prosperity. Her farmers would save in the price of clothing, implements, machinery, and, in fact, all the manufactured articles they use, while they would get the same or even a better price for the produce of their land. A similar policy on the part of other Colonies would be equally beneficial

to them. The duties imposed on our goods in the Colonies are in many cases still so high that, even with the reduction of 25 per cent., they are almost prohibitive. It does not help our trade to make those on foreign countries still higher. While desirous of strengthening the bonds which unite the various parts of the Empire, I say the Colonies cannot expect us to do anything which would cripple or endanger that magnificent commerce on which the comfort and prosperity of our people so greatly depend.

LORD AVEBURY. House of Lords. 15th June, 1903.

Setting the Colonies Against the People.

This is, of all questions, the one on which Ministers of the Crown should make up their mind and speak with a united voice, because it is a question that goes to the very root of our commercial and industrial prosperity, and the danger of prolonging this state of uncertainty is very great indeed. The discussion of this subject is sure to give great dissatisfaction to the Colonies. If we taxed food for the benefit of Canada we should have to tax wool for the benefit of Australia. Of all the bases on which it is possible to rest the unity of this Empire the worst is a tax upon the food of the people. Nothing is so likely to produce serious difficulties with the Colonies, and possibly to threaten the disruption of the Empire, as to place the interests of the great mass of the people in contradiction to the supposed interests of the Colonies. If such a policy were to be carried into effect, in a short time there would be dear food and great suffering, and the great mass of the people would cry out against the policy which had brought evil upon them. The noble Viscount (Goschen) has told us that if we once took a wrong step we could not withdraw it, because we should be bound by treaties. But we might be forced to withdraw, and, if we did so against the wish of the Colonies, we would run a great risk of the disruption of the Empire. I hope the country will not accept these proposals.

MARQUESS OF RIPON. House of Lords. 15th June, 1903.

A Colonial Governor's Experience.

Mr. Chamberlain has suggested that the working people of this country might be compensated for increased cost of living by more constant employment and higher wages. That brings me to my personal experience as an Australian Governor. I deemed it my duty, while in Victoria, to discuss the question with leading Australian statesmen whenever opportunity offered, and more particularly with Sir George Turner, then Premier of the Colony and now Treasurer to the Government of the Commonwealth. The fiscal policy of the Australian Colonies has not changed in the interests of the Mother Country since the Government was established on a more democratic basis under the constitution of the Commonwealth. The indications thus far are not hopeful for extensive remissions in Australia of the duties lately imposed. While the Australian tariff is highly Protectionist, the Australians are good customers to the Mother Country. It might almost be said that this country has a monopoly—certainly a dominant share—in the supply of every article in demand which we are able to produce. In this respect our position could hardly be improved by any modification of our fiscal policy. It is well to remember that the conference of representatives of the several States, by whose labours a constitution for the Australian Federation was framed,

shrank from the yet more arduous task of adjusting a common tariff. They left the thorny problem to the Federal Parliament. But that Parliament found the difficulties almost insurmountable. It was hard to reconcile the conflicting interests of Queensland, a sugar-growing and cattle-raising province; of New South Wales, chiefly interested in the production of wool; of Victoria, with her manufacturing establishments, extensive vineyards, and important dairy industry; of South Australia, a wheat-growing province; and of Western Australia, now the chief producer of gold. Nearly a year was consumed in lengthy debates. These tariff difficulties in Australia are not encouraging for more comprehensive efforts. A round-table conference between the representatives of countries far more widely separated by distance and other conditions than the Australian Colonies might tend rather to political disruption than to closer unity. In the enjoyment of unrestricted self-government in matters of trade every part of the Empire has flourished. Nor has there been the possibility of acrimonious disputation. Is it therefore the part of the statesman to abandon the policy of mutual freedom and independence to which we have hitherto adhered? From my personal experience of the Colonies during the war I affirm that whatever the fiscal policy has been, the hearts of their people could not have been warmer towards the Mother Country.

LORD BRASSEY (ex-Governor of Victoria). House of Lords. 15th June, 1903.

The Heart of the Empire.

I am unable to believe that a system of Preferential Tariffs could be beneficial to this country or in the long run to Australia. The noble Marquis the Secretary of State for Foreign Affairs, left out of consideration altogether the question of the increase in the price of food in this country, and yet it was on that the Colonial Secretary based his policy. It was most essential that in endeavouring to draw the outlying parts of the Empire together we should do nothing to weaken in any way the heart of the Empire itself. The value of foreign imports into Australia and New Zealand is about £14,000,000, and into Canada £29,000,000. A part of that £29,000,000 must come from the United States, and it certainly cannot be considered wise for Australia to cut off connection with other parts of the world. In order to obtain a portion of that trade the people of this country are to be taxed, and although I am as anxious as any man to see the trade of the Colonies develop, it does not seem to me that Great Britain is justified in running that risk.

The EARL of JERSEY (ex-Governor of New South Wales). House of Lords. 15th June, 1903.

A Scottish Authority.

I have no hesitation in stating that I adhere to the general principles of a Free Trade policy. I am not prepared to propose an inquiry into the principles upon which our fiscal system is founded; on the contrary, the inquiry, which I welcome, is to be an examination of fact and circumstances by us as a Government for our own information, and we retain to the full our responsibility for the policy which we may hereafter propose to Parliament or to the country as the result of such information as we may obtain. I would only add that, speaking

for myself, as I am entitled to do, I feel bound to say I have little or no expectation that the inquiry I have indicated will show it to be either practical or desirable in the interests of the nation to reverse the principles upon which our fiscal policy is based.

LORD BALFOUR OF BURLEIGH, Secretary for Scotland. House of Lords. 15th June, 1903.

Tried and Found Wanting.

We are told that we are to have an inquiry. What has taken place in regard to this matter? Within the last few years there have been no fewer than four conferences on this subject. There was the conference over which Lord Knutsford presided in 1870; two conferences presided over by the present Colonial Secretary, to whose ability I wish to give testimony, though I differ entirely from him on this point; and there was the conference at Ottawa, where my noble friend who spoke but very lately, Lord Jersey, presided. And I cannot help congratulating this House that the grandson of one of the statesmen to whom we owe all the blessings of Free Trade should have spoken in this House to-night and have advocated the principles which his great ancestor introduced first into Parliament. What did we learn from those conferences? First of all we learned, what we rejoiced in, that there is a great desire on the part of the Colonies to come into closer connection and greater amity with the Mother Country. We all desire that. We next found that any arrangement with the Colonies on a basis of Free Trade would be impossible. And the next point we found was that whatever arrangement we made the complications would be so enormous that it would be almost impossible to have a satisfactory basis for an agreement with the Mother Country for Preferential treatment. These points are, I think, clearly established by the conferences that have taken place. I venture to think the difficulties between the Colonies are so great, and the interests of the various Colonies and the Mother Country are so great, that if we try to introduce a common Zollverein between them instead of drawing the Colonies into greater amity and concord we are much more likely to excite dissension and differences. If we consider for a moment how our Colonies are placed, how different are the conditions—climatic, and commercial, and material—between the various Colonies, and the enormous distance they are from the Mother Country and from each other, we shall not be surprised that there should be different desires and different policies with regard to fiscal matters in the various Colonies. This country has very wisely allowed the Colonies to have a perfectly free hand with regard to their fiscal relations. We certainly followed a wise policy in regard to this. But these difficulties seem to me to be so great that the effect on the Colonies will be almost, I should say, disastrous. Even if at first we could come to some agreement, before this arrangement had been in existence many years I fear it would lead to discord and confusion rather than to an increase of amity with this country. In these discussions we often hear allusion made to Preferential duties and retaliation as if Preferential duties had never been given to our Colonies in former days, and as if retaliation had never been exercised in this country. Preferential duties were in vogue for a great number of years. They were not repealed or altered quite as soon, if I remember correctly, as the reform of the tariff, but very soon after Sir Robert

Peel had reformed the tariff—I think it was Mr. Gladstone himself who did away with Preferential duties. They were a signal failure. Then, in regard to retaliation, we have often and often in the past tried it. Sir R. Peel, speaking in the House of Commons on January 27th, 1846, in explanation of his scheme for taking off an enormous quantity of duties from the tariff, said : "I fairly avow to you that in making this great reduction . . . I have no guarantee to give you that other countries will immediately follow our example. I give you that advantage in the argument. Wearied with our long and unavailing efforts to enter into satisfactory commercial treaties with other nations, we have resolved at length to consult our own interests and not to punish those other countries for the wrong they do us in continuing their high duties on the importation of our own products and manufactures. . . . It is the fact that other countries have not followed our example and have levied a higher duty in some cases upon our goods. But what has been the result in the amount of your exports ? You have defied the regulations of foreign countries and your foreign trade has greatly increased." The same thing may be said now. I say those are significant words from the great man who introduced this policy of Free Trade. The policy of retaliation was known and had been tried in his time, and was found absolutely wanting. In another passage Sir R. Peel says : "The best way to compete with hostile tariffs is by free imports." I regret to think that we are now about, not only to fight this question of Preferential Tariffs in regard to the Colonies, but also to fight Protection, because that seems to be the policy of the noble marquis (Lansdowne), though I do not know whether it is the policy of the Government. I for one, and certainly I believe all those with whom I am connected, will do our utmost to oppose that which we believe will be a most pernicious policy, to blow up the rock on which the great commercial edifice of the country is built. I believe it will undermine that edifice, and in that way will be a terrible blow to the prosperity of our people and the success of our commerce.

EARL SPENCER. House of Lords. 15th June, 1903.

The Welfare of the People before all.

All those who profess principles of real Free Trade, the men who believe that those principles are founded, not only on the dictates of abstract reason, but are proved by the teaching of experience, these are the very last to refuse to enter into the fullest and most searching inquiry and discussion as to the effect not only of those principles, but of the effectual results which have been achieved under our present system. In my opinion, the first and fundamental element of such inquiry, that which transcends in importance, and that which ought to precede any other branch of the inquiry, is the investigation of the economical effect likely to be produced by any changes in our system especially involving the taxation of our food imports—the economical effects, not upon any special industry, not upon the political relations between ourselves and the Colonies or between ourselves and other countries, but on the condition of our people, and on the whole and not only a part of our trade and industry, internal as well as external. What I want to know, and what I think ought to be the basis of this inquiry, is what will be the effect of the policy which has been proposed on the volume of our minor trades and the industries which support

them, and which, taken together, I conceive, greatly exceed in amount, in volume, and in importance any one of the staple industries themselves. In my opinion, attention has hitherto been too much devoted to our external trade, as if the prosperity of the country depended merely on our external trade. I conceive it that our internal trade is at least as important as, if not more important, than our external trade. I do not suppose there are any statistics available, as there are in the case of our external trade, to show what the amount of that trade is; but the internal trade of forty millions of people cannot be an insignificant one. At first sight it appeared to me that any proposal which would raise the food bill of forty millions of people would to a like degree diminish their purchasing power on every other article. Though I am open, on sufficient evidence, to revise my opinion, I should say, at first sight, that any such proposal must exercise an injurious effect on the vast internal trade of the country. I do not think that up to the present time in the subjects indicated for discussion or inquiry sufficient attention has been given to the probable economical effects of the proposed policy on the condition of the mass of our people who are not engaged in any of the staple industries, the condition of which we have heard so much. There are a vast mass of our people who can scarcely be said to have any fixed or regular employment, and who are able, and only just able, to earn sufficient to gain a livelihood. I do not think it has been sufficiently remembered that, whether our fiscal system be a right one or not, we are living in conditions that have been brought about by a system of free imports, and we must take those conditions as we find them. Those conditions are not in every respect as satisfactory as we could desire. No doubt the wealth of the country has increased, no doubt the business of the country has increased. At the same time, the population of the country has increased, perhaps almost to an equal extent; and, in spite of our national wealth, in spite of the prosperity of the people employed in some of our great industries, there are to-day millions of people for whom the margin between themselves and famine is very slender. My lords, it is Free Trade, or, rather, free imports—it is cheap food which is responsible for having brought those millions into existence. We have to deal, not, perhaps, with the best possible organisation of society in our country; we have to deal with it under conditions which have been brought about by our present fiscal system, and we must be very careful indeed before we alter those conditions in a manner which may possibly reduce the margin which now exists between those people and want. My lords, I say under these circumstances I should hesitate very long before I could bring myself to assent to changes the effect of which, as far as I know or have the means of knowing, might be to improve the condition of certain of the higher ranks of labour, but which might also have the effect, so far as I know or can have the means at present of knowing, of breaking down that barrier which still exists between those millions and absolute starvation. These are questions, I think, which anyone who professes to be a statesman will admit cannot be solved simply by counting votes at a General Election. And for myself I say that, if I knew that every working man who possesses a Parliamentary franchise was prepared to give his vote in favour of trying this experiment, and if I knew that our Colonies were ready to meet us in that experiment as fully as we could desire, I would not be a party to a trial of that experiment unless I were convinced in my heart and conscience that that experiment

was justified on sound economical grounds and that there was reason to believe that it would tend to the benefit of the great masses of the people as well as to that of some of the more favoured sections of the working classes. There is the further question whether it is possible for the wit of man to devise a scheme of preferential treatment which shall be fair as between ourselves and our Colonies and as between each of our Colonies. But all these, in my judgment, are inferior in importance, and ought to be undertaken subsequently to, and are dependent on, the fundamental question to which I have referred—that of the economical effect on our own people and our own trade. In my judgment there is not much need for inquiry into political advantages. It is not mainly or primarily as a political arrangement that these changes are proposed to us. They are proposed to us as being expedient in themselves independently of any political advantages by which they may be accompanied. If they are expedient in themselves—that is to say, if we have all been up to the present time wrong in our political economy, if we have made a mistake—which I admit further inquiry as to the results of our policy may prove to be the case—if these proposed changes are economically sound, then there is no question that they will be politically expedient. On the other hand, if these political advantages—I admit they are great—can only be purchased at the expense of privation, hardship, and discontent on the part of our own people, then I say I can conceive no policy which would more certainly or more swiftly tend to the dissolution and disintegration of our Imperial Empire. The policy of preferential treatment of our Colonies founded on the taxation of food would be a policy which would be either irrevocable or, if reversed, the reversal must be attended with the most serious and grave consequences. I believe the best friends of Free Trade will be found to be those who are willing usefully to enter into a full and fair inquiry, not as to its principles, which, perhaps, we may take for granted, but as to its consequences and results. And I believe for myself that the result of any such inquiry will be to establish more firmly the essential principles which underlie our policy, although it may be found, possibly, that some modification and alteration of our arrangements may tend to strengthen and consolidate and make more unassailable a system founded on such principles.

DUKE of DEVONSHIRE. House of Lords. 15th June, 1903.

Food Tax in Peace and War.

Of all classes of men none consume a larger proportion of bread or spend more of their income on bread than agricultural labourers. It cannot be said that they would get any compensation from better employment or higher wages, because the right hon. gentleman has said that a 1s., or even a 5s., duty on wheat could not be of any real assistance to the farmer. The agricultural labourer would, therefore, pay an undue proportion of the tax and would get no countervailing advantage. The noble lord the member for Greenwich (Lord Hugh Cecil) last year pointed out that the effect of a tax on bread was not necessarily to make the poor labourer economise in the article of bread. He effected his economies in stimulants, groceries, or meat, and bought actually more bread to make up for the deficiency of nourishment of other kinds. What I am concerned to establish is that the incidence of this tax and taxes like it is a real and unequal incidence,

and that if such a tax were to be multiplied two, three, four, five, six, seven, or eight times—we have no security that that would not be the case—its incidence would be cruel and burdensome, and most detrimental to the welfare of the people. I rejoice that the right hon. gentleman has found it possible to take off the corn tax, from the point of view of a Lancashire member, for anything which tends to increase the cost of living there strikes a serious blow at the great cotton industry, to the prosperity of which cheapness of production is almost vital. It is urged that such a tax constitutes a reserve in time of war. But the very first thing that would happen in a war against any Power that possessed any kind of navy would be a rise in freights, and the second a rise in the price of food. Is it conceivable that the Government could in such circumstances keep on a tax which would tend to raise the price of food beyond the level to which it would be raised by other causes ? This tax, which is said to be a reserve in time of war, would be in fact the first which any Government would have to take off. One would suppose from what has been said that our market here is a matter of no importance to the United States. If it is important to us to import large quantities of corn from America, it is scarcely of less importance to the people of the United States. I believe that the friendship of the United States should be a main end of English statecraft. But surely this great material point also is worth consideration. In times of peace it is an additional security for peace ; and in times of war what greater security could we have for our food supply ? This is a point which the Prime Minister, who is a great Free Trader out of school hours, has recognised. What greater security could we have for our food supply in time of war than that the vast power of the United States should be vitally interested in the preservation of an open English market, and that that object should be a matter of supreme consequence to the farmers of the Western States ?

Mr. Winston Churchill. House of Commons. 22nd June, 1903.

Reasons for Supporting Free Trade.

We are not Free Traders because we think that Mr. Cobden and Mr. Bright were infallible prophets. We are not Free Traders because Free Trade was proved to be a good thing for this country and for the Empire in the conditions which prevailed sixty or seventy years ago. We are Free Traders because we believe that under existing economic conditions Free Trade is a good thing for us to-day, more essential even than it has ever been in days gone by. We believe that to-day, more than at any other time, the welfare of our nation and the prosperity of our commerce depend on a free and unchecked importation into the United Kingdom of the food by which our people live and of the materials upon which their capital and their labour are exercised. We believe that anything which tends to restrict the industry and lower the material condition of the forty-two million people of these islands could not in the long run be good for the eleven million who inhabit our self-governing Colonies. In my judgment the reckless and inconsiderate launching of this scheme is one of the most serious blows which have been dealt in our time at the real unity of the Empire. If Mr. Chamberlain obtains his mandate, it will bring, fiscally and politically speaking, not peace but a sword If he fails to obtain that mandate, what is to compensate us for the agitation,

for the disturbance of hopes and expectations raised with a light heart ? I observe that there is a growing disposition to talk of retaliation upon foreign countries, and to say less about the Colonies. A great deal has been made of the threat of Germany to punish Canada for giving us a qualified preference. It is one of the flimsiest pleas ever advanced. During the time that this supposed commercial war has been raging between Germany and Canada the export of Canadian produce into Germany has more than doubled in quantity and value. The German elections supplied a sufficient object-lesson ; the triumph of the Socialist party has been due to the revolt of the working classes against a high tariff. There is not a single retaliatory duty which would not do more harm to the people who imposed it than to the people against whom it is directed.

Mr. Asquith, at Boston. 26th June, 1903.

[Speaking at the Constitutional Club on the 26th June, 1903, Mr. Chamberlain made the following definite statements which had a considerable influence on the subsequent course of the controversy :—

" A system of preferential tariffs is the only system by which this Empire can be kept together."

" It stands to reason that, if the working classes are called upon to pay 3d. a week additional on the cost of their bread, they may be fully, entirely relieved by a reduction of a similar amount in the cost of their tea, their sugar, or even of their tobacco."]

A Slur on the Colonies.

Mr. Chamberlain is reported in the *Times* as having said that a system of preferential tariffs is the only one by which this Empire can be kept together. I deeply regret that the Colonial Secretary should say so. It may be the right hon. gentleman's opinion for aught I know, but it was not a judicious utterance, nor was it fair either to the people of this country or to the Colonies. Mr. Chamberlain has spoken of himself as the representative of the Colonies. No British Minister is specially representative of any part of the Empire—not even the Colonial Secretary. He stands between the Colonies and the Mother Country. He has to promote their union and to communicate to each part of the Empire the interests of the other in relation to any proposals which may affect the general interests of the Empire. I cannot think that the people of the Colonies are so indifferent to the interests of the Mother Country that they would refuse to listen to a firm and reasoned statement why that which they desire cannot be granted to them. We have given them absolute freedom to make their own fiscal arrangements ; they must not claim that there should be put on the food of the people of this country a tax in order to enable the Colonies to carry out a special class of fiscal arrangements between them and us. I cannot but believe that, if the case was fairly put to the Colonies, they would concede the principle that the control of our own home taxes must remain in our own hands.

Marquess of Ripon. House of Lords. 29th June, 1903.

Trusts and Free Trade.

If we are going to tax food let Parliament begin by settling the law of trade disputes, for we may expect an outbreak of strikes all over the country. We are told that foreign trusts and combinations disturb our market. All the harm they do to any trade is slight and

transient compared with the harm which trusts can do, and in America are doing, under a protective tariff. If we have escaped trusts here it is chiefly because of Free Trade. We should gain nothing by retaliation, and as we are the largest exporting country, we stand to lose most by it, because the most favoured treatment would be lost. Canada, Australia, and New Zealand are all strongly Protectionist. They have frankly avowed that they will not reduce their tariff on British goods though they might raise it still further on foreign goods. Preferences would give us no better chance than now against the colonial manufacturer. The Colonies wish to go on levying protective duties against us as well as against the foreigner. The proposal is to create, not a Zollverein, but a network of commercial treaties with each of the Colonies, under which they should give us, not free entry, but a preference over the foreigner in manufactured goods, and we should give them a preference in the protective duties we are to impose on food stuffs and raw material. That means a series of bargains with the Colonies, a process of haggling and wrangling in which we and they should be trying to get the most from, and give the least to, one another. Could anything be imagined more fatal to friendly relations ? It is an old and sound maxim that one must not mix sentiment and business ; that sentimental affection which has bound Britain and her children beyond the sea together might soon disappear under this new and perilous strain. I cannot believe that the British people will forsake a principle under which they have prospered, and whose soundness a long experience has so decisively approved.

Mr. Bryce, at Aberdeen. 29th June, 1903.

Preference only the Path back to Protection.

Let us keep ourselves to the main issue. That issue, turn it which way we may, is to be Protection or Free Trade. To what is Mr. Chamberlain appealing more and more daily ? Why, to the Protectionist feeling in the country. Be sure of this—if Mr. Chamberlain gains a majority it must be an out-and-out Protectionist majority. If he comes into power again he must either come into power pledged to turn the fiscal policy of this country upside down, turn it into a Protectionist system, or he must disappoint those for whose support he is now appealing. I could imagine a case in which some foreign country might mete out to us treatment that was so obviously hostile and unfair that it would be impossible for us to sit still under it ; but before resorting to retaliation in such an event as that we should have it clearly proved that there was no other or better way of bringing pressure to bear to obtain our ends. Mr. Chamberlain means a system of double tariffs, a system, a policy, a complete arrangement of double tariffs by which we are to be able to bargain with foreign countries. Where do we find that any system of that kind ever led to freedom ? That idea of building up a wall in order to make others lower their wall has resulted in both parties building their walls higher. It has always failed. I appeal to experience. Go back to the experience of our own Government when it tried the system of retaliation for the purpose of negotiations. Take, not the opinion, but the experience of Sir Robert Peel as he gave it to the House of Commons years ago. The experience of the past holds good to-day for the present. Take the question of Free Trade on its merits here and now. Let us argue it out, not as a system which was approved in past years, but on the far stronger ground that here and now to-day it is a system which is

essential to us. Desirable it was fifty years ago ; to-day it is essential. Not to have chosen the path of Free Trade fifty years ago would have been a pity ; to abandon it to-day would be a calamity and a disaster. If we had not chosen Free Trade fifty years ago we might have had to-day perhaps a self-contained and self-supporting population. Yes ; but a far smaller one than we have at the present time, and the great development of our population and resources which has taken place in the last fifty years, what is it, after all, but so many hostages given to Free Trade which we cannot abandon ? But, mark how insidiously we are being asked to depart from Free Trade. Our Imperial instincts are being appealed to ; we are not to go in for Protection, but for preference. We are told that preferential tariffs are the only way in which the Empire can be held together. I deny it. Some of those gentlemen who are so wedded to preferential tariffs have lost their sense of perspective. We must stand for a big and strong England, in favour of doing all we can to unite the Empire closer, and must make it a condition of every step to unite the Empire that it shall not be a step to weaken this country, which is the heart and centre of it What is the basis of our Empire ? " It is the consciousness of kinship, the consciousness of a common blood, and a common sense of duty, a pride of race and history, these are the links of Empire, bonds which attach, not bonds which chafe." Those were the words of the Australian delegates in this country in 1900. The mistakes we might make in the policy which Mr. Chamberlain proposes now are mistakes that would be irretrievable. If the country is misled, if it consents to preferential duties, and then to retaliatory duties, in a very few years you will find that they have become Protectionist duties. That must be so. In a very short time you will find that industries have grown up under it which would not let it be taken off ; and the whole basis would turn from Free Trade to Protection. I do not believe that this country could be run on a Protectionist basis. If the country makes a mistake at the next election, if will find that it has riveted on itself fetters which will for ever hamper its prosperity, its population, and its trade. We should drop behind in the competition of the nations, and lose the high place we hold in the world and its councils ; and with our decline would come the disintegration of that great Empire of which we are to-day, and of which we are destined to be for many years, I believe, the centre, the champion, the head and front of defence.

Sir EDWARD GREY. National Liberal Club. 30th June, 1903.

A Twofold Answer.

I regard the issue as so stupendous that, if we cannot sweep the country ourselves on this question, I would, for my own part, even support by my vote and speech in the House of Commons a Government of Free Trade Tories or a coalition. The answer we ought to make to the twofold proposal laid before us is of a twofold nature. To Mr. Chamberlain's portion of the scheme we should reply that food we will not consent to tax ; and to Mr. Balfour, with his portion of the scheme of retaliation, we should reply that, while it might mislead the unwary, it must build up a wall of Protection around us, and under the shelter of that wall protected industries would grow up in this country which we should never be able to get rid of.

Sir CHARLES DILKE. National Liberal Club. 30th June, 1903.

Unionist Free Food Principles.

I am not going to be drummed out of the Unionist party for adhering to principles which Conservatives have maintained for fifty years. The meeting of Unionist members held last week was evidently organised by Protectionists, and it is the duty of those whom I now address to save the party from the crushing defeat which now awaits it if we are committed to the imposition of protective duties on food. Every one of us is anxious to promote the unity of the Empire, but Mr. Chamberlain's scheme would be a fertile source of disagreement by provoking a struggle between colonial and home interests. I say it would be impracticable to make up to the consumer the increased payments which would be necessary for food by any readjustment of the duties on tea, sugar, and tobacco. I assert that we are not the opponents but the friends of the Government, and it is our duty to educate the electors and save them from being misled.

Sir Michael Hicks Beach. Meeting of Unionist Free Traders. 1st July, 1903.

Unionists Justified in Resisting Food Taxes.

I recommend those who are opposed to the protective taxation of food to be perfectly conciliatory but perfectly firm. We are simply opposed to a policy on which avowedly members of the Government themselves are not agreed, and in regard to which the Prime Minister and Mr. Chamberlain adopt the view that no imputation of disloyalty should be made on either side of this controversy. These most dangerous fiscal proposals must be resisted. Mr. Chamberlain has said this is a big fight. If so, veterans must take their place, and I myself will do what I can to help the cause. It is said that Mr. Chamberlain will sweep the country. How can he sweep away the fifty members present ? The idea that such an attempt could be made is ridiculous. Looking back to the history of the Liberal Unionist party, we saw how it was threatened with extinction, yet it survived, while Home Rule, which was thought to be inevitable, did not come to pass.

Viscount Goschen. Meeting of Unionist Free Traders, 1st July, 1903

Plain Speaking to the Colonies.

Englishmen boast that they are a plain-spoken race ; and I do not think that the least plain-spoken among the British race are those who dwell in our Colonies ; and I think that it would be well that we should both speak to each other on this great subject in the plainest possible terms. We are bound to let the Colonies know that this question, which was started as a colonial one, has reached a stage, almost at its very inception, at which it has become far more a question of internal British politics than even of colonial politics. I am sure that our colonial countrymen will not resent it if we make them understand—as I think in honesty we are bound to make them understand—that this question has reached a practical, and is no longer in a sentimental, stage. Sentiment and business are each of them very good things, but I do not think that much advantage is derived from attempting to mix them up together. It is sentiment which binds the family together. It is sentiment which induces every member of a

family to come to the rescue and assistance of any other member who may be in difficulty or distress, and it is a similar sentiment which does, and I think always will, chiefly bind our Colonies to the Mother Country. But I do not know that very much advantage is found when members of a family who have set up for themselves in business attempt to conduct that business with their parents or with each other on purely sentimental principles. If we keep in view, as we are always bound to keep in view, as our first object, the maintenance and the strength and the prosperity of this great Empire, the cardinal, the first question which an Imperial statesman has to consider is the strength and prosperity and welfare of the centre. And I am sure that our Colonies will not resent it if we tell them plainly and clearly that, if we are induced to assent to any considerable changes in the fiscal and commercial arrangements which we have hitherto thought conducive to our interests, we shall do it in our own interest, and not simply as a means of conciliating their good will. If we are bound to make this side of the question clear to our Colonies, there is also a good deal that our Colonies can tell us that we are bound to know. No doubt this policy was initiated at the Conference of the Colonial Premiers; and it may be assumed, therefore, that it is a policy which will be cheerfully and even, perhaps, enthusiastically accepted by some of our Colonies. But I think that all of us who have studied, so far as we have had the means of studying, the discussions at that Colonial Conference must be convinced that the question has hitherto been very imperfectly and inadequately discussed, even from the colonial point of view. It is very easy to pass resolutions in favour of preferential trade between the United Kingdom and the Colonies, but it will not be so easy to draw up a scheme of preferential arrangements which will be universally admitted to be fair and just to the United Kingdom itself or to each one of those Colonies which compose our Empire. Whatever immediate advantages may appear likely to accrue to any of our Colonies from such preferential arrangements, we are bound to recognise that these advantages can only be secured by means of something in the nature of a bargain, something in the nature of a series of treaties—something in the nature of a bargain to which each party will be bound to adhere. And, whatever may be the immediate advantages which will be secured to any colony, I do not think it can be doubted that the Colonies will be called upon to surrender some of that independence and perfect freedom of action in their fiscal, commercial, and industrial legislation to which hitherto they have appeared to attach in their own interest so great an importance.

DUKE OF DEVONSHIRE. British Empire League. 20th July, 1903.

Food Taxes and the Cotton Trade.

There is only a narrow margin between prosperity and adversity in the cotton industry. It is not difficult, therefore, to realise what a serious effect a tax on food, if followed by a rise of wages, would have upon an industry which would thus have the cost of production enhanced on each of its numerous processes, all of which involve a large amount of labour. This is apart altogether from a possible further tax on raw material which would affect the first process. I think there can be little doubt that the increased cost of production would render it impossible for us, in face of the existing severe competition,

to continue to secure the large share of the world's trade in cotton goods which we have at present, and would thus bring ruin upon an industry which supplies the means of livelihood for millions and in which millions more are indirectly interested.

Mr. MACARA, President. At the Cotton Trade Conference, Manchester. 21st July, 1903.

Preferential Trade Impracticable.

There is in Great Britain and in the Colonies a desire to establish closer relations between the Motherland and her dependencies. It has been suggested by Mr. Chamberlain himself that the problem might be solved if it were possible to establish between the Colonies all over the British Empire a system of Free Trade against the world, but this has been found impracticable. The people of the Motherland loathe to part with a system under which they have been immensely prosperous, and, as far as I know the Colonies, they share equally that loathing to part with a policy under which they have been prosperous. It has been suggested to try another system—to have a system of revenue over the whole Empire to be raised by means of a common Customs tariff. This has also been found impracticable, because the Motherland, as I have said, is for Free Trade, and I am sorry to say and believe that in most of the Colonies there is a slight trend to what I would call the heresy of Protection. But that heresy has not taken the same root everywhere—you cannot find the same tariff in any two Colonies. So far as Canada is concerned, I may say to our friends from the Motherland that we are intensely desirous of having a preferential market for our food products in Great Britain, but we think the first step would come better from Britain than from ourselves, and we do not want to force our views on our brothers. If such an arrangement would not be satisfactory to them, for my part, I do not want to have such an arrangement. If we are to have preference it must be with the firm conviction that such an arrangement would be mutually proper. But if we are to expect the people of Great Britain to make concessions to us we must be prepared to make concessions to them. If we are to obtain from the people of Great Britain a concession for which we would be prepared to give an equivalent, and if we are to obtain it also at the expense of the surrender of some of our political rights, for my part, I would simply say, let us go no further, for already we have come to the parting of the ways. Canada values too highly the system which made her what she is to consent willingly to part with any portion of it for whatever consideration, and, even for the maintenance of the British Empire, I think it would be a most evil thing if any of our Colonies were to consent to part with any of their legislative independence. Nor do I believe that in order to make such an arrangement of a commercial nature as I have spoken of a moment ago we should be called upon to make any sacrifice of dignity or independence.

Sir WILFRID LAURIER, Prime Minister of Canada. At the Congress of Chambers of Commerce, Montreal. 20th August, 1903.

Preferential Trade not necessary to Empire.

We are told in Mr. Chamberlain's own words that the system of Preferential Tariffs is "the only system by which the Empire can be kept together." Now, I say that that is a most astonishing sentiment, and if it had not come from an authority that we are bound to respect—that of the Colonial Secretary—it would be thought almost ridiculous. Surely we have recently had the clearest evidence of the great loyalty of our Colonies—on such occasions as the last Jubilee of the Queen, the Coronation of last year, and, above all, by their behaviour during the war when they willingly sent hundreds and thousands of their soldiers to our aid. Surely this loyalty and attachment to us does not depend upon a system of Preferential Tariffs. It rather depends on their feeling of common kinship, on their pride in the rise and fortunes of the British Empire. It depends, too, on the material advantages which they enjoy from belonging to that Empire, from having a share in our great fleet, to which some of them do not contribute anything, while others only contribute in a small measure. Then, again, they have the advantages of our protection in diplomatic matters all over the world, and also the advantages of all their goods being imported free into this country, while they, under their rights of self-government, impose heavy duties on the importation of our goods. Surely these are some of the advantages which the self-governing Colonies may well consider sufficient to maintain their connection with the British Empire, even without a new system of Preferential Tariffs. They have not demanded this change as a condition of Colonial loyalty—far from it. I could quote many utterances of Colonial statesmen to prove that. As one who thoroughly believes in the advantages of the British Empire as a world-wide Power, I should be willing to sacrifice much if I believed that it was necessary to maintain unity and concord within the Empire by altering our own financial system. But I cannot help remembering that the interests of our 41 millions of population come first, before even the interests of the 11 millions of our Colonies. And I entirely refuse to believe that Colonial loyalty depends upon mere sordid considerations, or that the Colonies would really insist on our taxing our home consumers to put money into the pockets of Colonial farmers or Colonial manufacturers.

Mr. Henry Hobhouse, at Castle Carey. 10th September, 1903.

Conservative Party and Food Taxes.

If tariff walls could be pulled down, it might be an advantage to the world at large, but the whole question is narrowed down to this—How is that revolution to be accomplished? It is Retaliation that is foreshadowed by Mr. Balfour, but the question of the taxation or non-taxation of food is of most importance to the Conservative party. Those who are opposed to the taxation of food are concerned at the prospect of the Conservative party going to a General Election with that log tied round their necks. They will never persuade the mass of the people to adopt it. If we go to a General Election with such a cry as that, you may depend upon it that the Conservative party will be defeated. I hope you will carefully watch for two things—

first, what is the method of retaliation or reciprocity which the Government have adopted ; and, secondly, is a tax upon food still part of the Government policy, or has it been definitely abandoned ?

Sir JOHN GORST. Congress of Conservative Associations, Sheffield. 1st October, 1903.

Protection a Crime against the Empire.

I dread very much the suggestion that we should not abolish Tariffs, but imitate them. I fear we may drift into Protection while nominally engaged on Retaliation. Protection would lead to the corruption of our public life, as it has led to corruption in the life of other countries, and the purity of our public life is the life blood of the Empire. If Conservatives adopt Protection, I will have nothing to do with such an apostate party. If you are determined to go down the path of dishonour to Imperial ruin, I will have my hands clean of so great a crime. Food is the great test case. We already have an instance of a great political party changing its traditional policy. Is the Conservative party going to do the same sort of thing ? If t be said of the party that it is in favour of taxed food, we shall be weighed down for many an election to come. I ask you to think well and wisely of the interests of the party in the future, before you encourage a course that would bring the country to ruin and the party to shame.

LORD HUGH CECIL, Congress of Conservative Associations, Sheffield. 1st October, 1903.

The New Fiscal Policy, a Juggle and a Deception.

What is the plan that is now proposed ? The plan that has been proposed at Glasgow is that there should be a duty of 2s. on corn and 5 per cent. on meat and all other dairy produce except bacon. I wonder why bacon ? I cannot understand for the life of me why the working man is to pay on his bread, but is to have nothing to pay on his bacon. The proposal is 2s. on corn and 5 per cent, on meat and dairy produce, and that is to be compensated for by three-fourths off the tea and the sugar duties. Let me here emphasise a fact which was stated in a speech made last night, namely, that of these taxes on tea and sugar eight millions were raised for war purposes, and to say that these eight millions are going to be taken off as compensation for taxing bread is to delude the public. You and the consumers of this country are entitled to have those eight millions off without new taxation on bread or meat, so soon as the finances of the country justify the remission of taxation.

Let us examine into this subject. Do you consider at the outset that taking off taxes on tea and sugar compensates for putting taxes on bread and meat ? I do not believe in the juggle at all. Bread and meat are the prime necessaries of life, but I contend that tea and sugar are not in any degree such necessaries of life as bread and meat for the working classes.

That is my first objection.

My second objection is that it imposes a heavy burden on the consumer while involving a loss to the Exchequer.

Mr. Chamberlain says that the proposal which he makes will involve no loss to the consumer. I have had these figures examined by gentle-

men in whom I have the greatest confidence, and who are accustomed to figures of this kind. I say that this change, this juggle, involves a loss to the consumer of no less than nine millions sterling. These are the figures :—£6,175,000 would be paid into the Exchequer from these articles coming from foreign countries, but, having regard to the fact that it is not only the foreign importation that is raised in price by the duty, but the whole of the consumption in the country whether home grown or foreign grown—the amount which the consumer would have to pay would be no less than £16,500,000 ; so that if you take the amount which is to be remitted from tea and sugar from the amount which is to be imposed in this new taxation, you come to a net figure of nine millions sterling.

I will prove this by another way of reckoning. The foreign supply is about two-fifths, and the home and colonial supply about three-fifths, and therefore for every £5 which the consumer pays the Exchequer gets only £2. Therefore out of the millions coming to the Exchequer from the new taxes you must take from the consumer 15 millions, bringing an additional burden on the consumer of nine millions sterling.

How is it proposed to be made up ?

It is to be made up by inflicting a further loss on the consumer of 10 per cent. on all manufactured goods. But do not imagine that this nine millions which is going to be levied on imported manufactures is the whole amount which the consumer will pay, because there again you not only raise the price of the articles imported, but of all the articles produced in this country. If you do that, your nine millions of loss to the consumer will amount to many times nine millions ; and this is the way in which the consumer is to be compensated for the re-arrangement of finance which is proposed.

Mr. C. T. Ritchie (ex-Chancellor of the Exchequer) at Croydon.
9th October, 1903.

Our Economic Position.

We live in a little island of forty millions of inhabitants, dependent for nearly four-fifths of the supply of our foodstuffs upon over-sea supplies. In that respect we differ from all the other countries which are continually mentioned as examples for us to follow, as examples of other fiscal methods. Let us always remember this chief principle, that we alone depend for four-fifths of our supply upon over-sea contributions. The exact percentage is 78 per cent. ; it is between four-fifths and three-quarters. Now, Germany depends only for one-third of her wheat supplies upon foreign countries, and France only for 2 per cent. We require 280 lb. weight per head of wheat to feed our population from foreign sources. Germany requires about 85 lb. of wheat per head, though the use of rye bread makes the case of German less easy to understand than that of France. But France only imports 2 per cent. of the total wheat she consumes against our 78 per cent., and in many years she imports much less than 2 per cent. That is the situation of those two countries as compared with ours ; we import 78 per cent., Germany about 30 per cent., and France 2 per cent. Therefore we, more than any other country, must look to it that the channels which bring us those supplies are kept upon and free from obstruction.

Wheat Prices in the United Kingdom, France, and Germany.

Now, it is a fact that while we are not a corn-growing country, while we depend upon the foreigner and upon our Colonies for so large a proportion of our oversea supplies, the price of wheat in this country is infinitely below that of Germany and France. On an average, of a series of years, it has been about 7s. a quarter less than the price in Germany, and from 8s. to 12s.—and in one year even as much as 13s.—below the price of wheat in France. Why is that? Because they have protection and we have freedom. One may see how, in France, for instance, protection works; there, with only 2 per cent. required from foreign countries, there is a difference of from 8s. to 12s. in the price of wheat as compared with this country, which has no Protection.

Cheap Food Supplies.

We are told that we are behind the economic policy of foreign countries—that they are building, and have built up a great system with more economical wisdom than we. But let us not forget that under that system, with the results that I have mentioned, the British working man can be fed more cheaply than the French or the German working man. This is not only true as regards bread. Sugar, and many other groceries, are all infinitely cheaper in this country than they are in France and in Germany; and a French authority has lately published the fact that he has made inquiries with reference to 46 different articles of grocery, and that he has discovered that the English housewife is able to buy as much for a hundred shillings in England as the French housewife is able to buy for a hundred and thirty shillings in France; and we must be very careful before we assimilate, at all events as regards imports of food, our system to that of our Continental neighbours.

The Proposed Food Taxes.

It is proposed now to put a tax upon bread. Two shillings is the *present* proposal. I accentuate the words present proposal. Further, it is proposed to put a tax upon meat, upon cheese and dairy produce, of 5 per cent. Now, the question is raised, Will the tax be paid by the consumer or not? Upon this the economists have written a good deal. I want to treat the matter in a common-sense point of view. A small tax you cannot always trace in the rise and fall of the article itself, because simultaneously with the effect of the tax there are a number of other economic causes at work. In the case of corn there are drought and frost upon the one hand, and on the other hand sun and favouring rains—all these economic causes affect the world's market.

The Operation of the Tax.

When it comes to any particular country the burden of a particular tax which may be upon that article enters, if I may say so, into partnership with those causes which are affecting the article as a whole. If you put a tax upon any article, that tax will assist and be in alliance with a rise—it will be a lever to increase the price; and when the price is going down, it will be a drag upon the tendency to decline and will postpone that decline. The imposition of a tax on wheat, for instance, of a 2s. tax, even if it does not raise the price of wheat by 2s. at once, or of bread in proportion, at all events enters into a conspiracy when there are any tendencies to promote a rise,

and assists that rise to come about earlier than it otherwise would do. Common sense seems to say that, whatever burden you put upon the cost of an article, sooner or later it must affect its price.

Its Effect on the Price of Bread.

The further effect I can show by a more concrete instance. A 2s. tax means a farthing on the quartern loaf. It has been said that the bakers will not raise their price of the loaf for a farthing. Well, I am not so sure they would not. I grant they would be in a difficulty. I believe they sell their bread generally with differences of a halfpenny, and so they might have a difficulty. But if economic causes such as I have spoken of would produce a rise of 2s., then by adding the 2s., which is the burden of the tax, these together would make 4s., which would give the halfpenny that would justify the baker in putting up the price of his bread. So that whatever may be said, whatever may be written upon the subject, depend upon it every burden which is placed upon the production of corn will tell upon the price of bread in the end. The burden is always there; it is always exercising its effects whether you can trace it or not.

There is a method by which you can test this question.

German Wheat once Cheaper than Ours.

There was a time when the imports of wheat into Germany were free, when there was no tax upon them. At that time the German prices were below ours. Then they began to impose taxes; and as those taxes rose and rose there was established between us and them a difference in price, until it came to this: that our wheat prices were 6s. 11d. on an average below the prices of German wheat, on which the duty was 7s. 2d. The duty being 7s. 2d., 6s. 11d.—or say 7s.—was represented in the price to the consumer in Germany. In France the same thing occurred. In France they also began with moderate duties, though in the end they put the duties up until they now reach 12s. 2½. The difference in price between France and ourselves has frequently been as much as 11s.; and one year there was a difference of 13s. 7d., the excess of the price in France over the price in this country. You will see by this how the taxation of food has affected the consumer in those countries; and if you were to look at the prices of other articles you would find it the same.

The Working Man's Budget.

Well, then, how will these taxes affect the budget of the working man? You know the result that is attained by those who supply Mr. Chamberlain with his figures. He states that the working men would lose 16½ farthings by his proposals, but that they would gain 17 farthings—that is in the case of the agricultural labourer. I think in the case of the urban labourer his calculations balance the account. I have seen many counter-calculations. I have made them myself, and there are materials in the Blue-book for making them. The closest calculation that I have seen comes out at a loss to the working man, not of 16½, but of 19 farthings, while the gain by the proposed remissions is not 17, but 15 farthings. The result is a loss of one penny a week to what the Blue-book calls the typical or normal labourer's or urban worker's family. It comes in that way to a loss of one penny a week—one penny a week *after* the remissions have been made. But, observe, without those remissions the loss would be 4¾d.—in round figures, 5d. a week.

Remissions on Sugar and Tea.

Now, in regard to these remissions. I want to ask you whether the remission of taxation on sugar and tea counterbalances a tax imposed on meat, and especially on bread. I hold that it does not. One is more the staff of life than the other. Existence can be prolonged on bread ; it cannot be prolonged upon tea and sugar. There may be families on the verge of starvation, or something like it, who could afford to give up some tea, and especially some sugar, but who cannot give up bread. Therefore such a tax of 2s., with taxation imposed upon meat, dairy produce, cheese, butter, and other things, is not compensated for by the taxation which is to be taken off.

War Taxation and the Public.

Now let us consider another point. Is it fair to take the taxes on tea and sugar at their present rate as a set-off against the new tax, which is to be imposed upon bread and other foodstuffs ? Is there not a claim for some reduction on those articles, outside all this bargaining between the Chancellor of the Exchequer and the nation, for putting on one set of taxes and taking off another ? The one you have not got ; you have not got a tax upon bread. But the others are there ; and there certainly is, and always will be, an expectation that a portion of those taxes, at all events, would be remitted in any case as soon as there is a surplus available. The new Chancellor of the Exchequer, Mr. Austen Chamberlain, says, " But the income-tax payers have a claim." Certainly they have a claim, but they have not an exclusive claim. I do not believe when it comes to the point that this Government, or any Government, would propose a large reduction of the income-tax without beginning to take off some of the taxes put upon tea and sugar specially for this war.

The Chancellor of the Exchequer's Embarrassing Position.

Now, consider the position in which the Chancellor of the Exchequer is placed. It is well known that this new plan, with its impositions and remissions, cannot come off for some years. Now I ask, what is going to become of these unfortunate taxes upon tea and sugar in the meanwhile ? Are they to be kept on with a view to this distant operation, which may take three or four years to come into force ? It is impossible for the Chancellor of the Exchequer to say, " I will keep on these taxes because I shall want them by-and-by for the great plan." If in a year, or two years, the reduction of expenses or the expansion of revenue should place the Chancellor of the Exchequer in the happy position of being able to make remissions on taxation, I recommend him not to think of the plan which has just appeared above the horizon, but to think of the claims of the masses to such remissions as they would have had in any case if no plan were proposed at all.

The Bargain with the Colonies.

Then there is this further question—Suppose this remission which is proposed rests upon, if I may say so, a kind of double bargain ? One is a bargain with the people we are putting a food tax on, while at the same time we are taking taxes off ; and the other bargain is with the Colonies, to whom we say, " We are putting on a food tax on the strength of your giving us certain preferences." That is a double bargain ; and here comes a great objection which I have to this taxation. You cannot take it off afterwards without going to the Colonies and asking their leave, because you will have induced

them to change their tariffs, you will have asked them for preferences. Certain industries will have been strengthened, vested interests will have grown up, and it will be said, "You cannot touch that taxation which you have put upon the food of the people." And so the Chancellor of the Exchequer will have to stand up in Parliament and say, "I will consult the Colonial Premiers, and they shall tell me whether the bread tax shall be taken off." I am afraid those who introduce such a fiscal bargain will run the risk of being charged with having made a bargain which afterwards they could not carry out. The moral is that in your taxes you must be free, you must not hang chains round the Chancellor of the Exchequer, you must not tie him up with bargains either with the Colonies or with foreign countries.

The Inclined Plane.

There is one more point, and that is the question of what I would call the inclined plane—the question of whether, when you have imposed 2s., you are likely or not likely to increase that. A year ago a shilling duty was imposed. It was a very small duty. I defended it myself. I asked myself, "Is there a whiff of Protection about it?" I said, "No, I don't see it." It was proposed by Sir Michael Hicks Beach, whom I knew to be a thorough free-trader, who would not lend himself to protection. But I was wrong. I see now that the consent to that shilling did weaken the position and assisted in familiarising the people with the idea of re-imposing it in the form of a 2s. tax. I see now there was a danger; it was foretold at the time, and it has come. I would ask, "Can Mr. Chamberlain, or any man, or any powerful group of men, guarantee in any way that the 2s. duty will satisfy the Colonies, or will it satisfy those strong forces that are supporting them now?" And if you cannnot agree with the Colonies there will be friction, and the Empire might again be "in danger." And if "the Empire in danger" has secured 2s., is it not a possibility that "the Empire still in danger" might secure another 2s.? There are Protectionists who have openly avowed their desire for a 5s. duty on corn, and they are consistent, because a 5s. duty on corn might—while it would be an intolerable burden—might do something to help agriculture in this country, while a 2s. duty would not have that effect.

Example of France and Germany.

We have got examples of the inclined plane in France. The duties in France began with 1s. in 1883 and 1884. In 1885 the tax went up to 5s. 3d. The agriculturists were not satisfied. In 1887 the tax went up to 8s. 9½d., and in 1897 it went up to 12s. 2½d. That is the inclined plane in France, and that in a country which was only importing wheat to an extent under 2 per cent. It is a prohibitive tax; but they began with 1s., and they have ended with 12s. In the case of Germany they began with nothing. Then their prices were the same as ours. They started at first with 2s. 2½d.; in 1883 they went up to 6s. 6½d.; two years afterwards they went up to 10s. 10½d. Three years after, a certain reaction seems to have set in; and they have shut down now at 7s. 7½d. You will see that these things happen in the countries which are held up to us as guides in fiscal and economic administration. Well, if they are so wise as regards a certain portion of their plan, how can we reject their wisdom in another? We must look at their system as a whole, and the workman will be bound to see the extent of the extra cost which has to be paid in Protectionist countries, the increase in the food prices which you have been asked to

consider to-night. And do not run away with the idea that this greater cost of food is compensated for by higher wages. No, the wages of the workman in Germany, according to the Blue-book, are 20 per cent. lower than the wages in this country ; and, therefore, in this fiscal paradise the German workman pays more for his food and gets much less for his wage. Before the people of this country consent to accept a fiscal policy under which this has been developed they will, I think, consider twice, and perhaps three times.

Will the Consumer Pay the Tax ?

What you are now to consider is the simple question, Do you believe that the consumer will pay the tax in the long run ? If so, will the taxation of which, should there be no remissions, the burden would amount to $4\frac{3}{4}$d. or 5d. a week, be easily borne by the working classes ? Do you believe that the remissions which are proposed are certain to come, in any case, or that they can be withheld for the consummation of the plan ? And do you think that it is right that the country should be tied in this way by taxes for the withdrawal of which you require the consent of other countries ? These are the questions that I recommend you to put to those with whom you come in contact. It is not necessary to talk of systems, but to look facts in the face, and see whether the proposals for a tax on food products are likely to redound to the prosperity of the masses of this country.

VISCOUNT GOSCHEN (ex-Chancellor of the Exchequer), at the Passmore Edwards Hall. 17th October, 1903.

An Unbusiness-like Scheme.

In this great Blue book which contains the results of the investigations of the Government, with the single exception of our export trade, there is one gratifying record of continuous progress. Now let me just deal with the salient facts which it states. Our external trade for the five years ending 1899 averaged 751 millions sterling, being many millions in excess of any amount previously attained. But during the three years since then it has amounted to 867 millions sterling, a record increase of 116 millions sterling upon the record antecedent. Now, I quite admit that the export trade of this country is not the test of its industrial condition. The export trade of this country, according to the ablest statisticians, gives about 16 per cent. of employment as against about 84 per cent. which domestic industries give ; and therefore, if you want to test what the condition of the country is, you must take both employments together, and compare decade by decade. I had the most exhaustive census made of 1881, 1891, and 1901, and I had all the great staple industries, internal, external, and agricultural, put together, and I had a comparison made of the number they employed in each separate period. The result is that these trades and occupations in 1881 employed 10,680,000 persons ; in 1891, 12,430,000 ; and in 1901, 13,470,000 ; and, not only was there more than a proportionate increase according to population, but, so far as investigation could prove, they were better paid than before. And what is going on is this—that as the industries of this country become more and more highly developed, so do the cruder methods of manufacture pass on to countries that are in a lower condition of industrial organisation. So it comes to pass that a very large proportion of the so-called manufactured imports which come into this country

are imports which only pass through the primary form of manufacture, and come here to be worked up to a higher standard. Let me turn to the income tax. The income tax for the five years ending 1899 amounted to 744 millions; but for the three years which have since elapsed it has grown to 865 millions. It was under conditions such as these that Mr. Chamberlain started his agitation, under the belief that British trade was collapsing, and that the British Empire could not be kept together except under a system of preferential tariffs, which involved the taxation of food.

What has the cheapening of food done for the poorer classes of the population? Some years back I made an exhaustive inquiry into this matter with the assistance of able statisticians and officials of the Board of Trade. Taking the year 1875 as one period, and the year 1901 as another, the consumption per head per week of bread, flour, fresh meat, butter, and eggs has greatly increased in the latter year. There is no Imperial question more important than the deterioration in the national physique owing to the large number of country folk constantly crowding into our towns, and the unhealthy condition under which town children are brought up. If that be so, is this the time to put a tax on meat and bread? If you curtail the consumption of those articles most likely to give stamina and strength to the rising generation, will you compensate them by increasing the drinking of tea? "But," it is said, "after all, what is 5 per cent. It is infinitesimal; nobody feels it." Is 5 per cent. infinitesimal? There are a great many of my friends here who are income tax payers. I receive great grumblings from them because the income tax is maintained at the high figure of 11d. in the pound. I sympathise with them, but that 11d. is less than 5 per cent. Remember, also, that the lower a man and his family are in the social scale the larger is the proportion of his income which is expended in the purchase of bread, and a bread tax falls upon the individual in inverse ratio to his ability to bear it. Let us look at this question from a financial point of view. Mr. Chamberlain proposes a tax of 2s. on wheat and of 5 per cent. on meat and dairy produce. If you take the figures in this Blue book you will find that wheat, meat, and dairy produce coming in from foreign countries amounts to 105 millions a year, according to the latest returns, and it is also calculated that the amount of home produce added on to the colonial imports of those articles comes to very nearly the same sum. If you put a tax of 5 per cent. on the one you also raise the price of the other. Therefore you will be accepting a system by which, out of every pound that the consumer pays for increased price, only 10s. goes to the Exchequer or to the relief of the taxpayer. That, everybody will see, is not sound finance. Assuming that you have 105 millions of foreign produce which is to be taxed, you have 105 millions of Colonial and home produce which will rise in sympathy with the taxation imposed, and, therefore, it is upon 210 millions of produce that you will have to pay 5 per cent. That is the cost to the consumer of this new proposition, an increased burden of £10,500,000 a year, to be borne by the Mother Country.

The best customer of British manufactures within the Empire is India. She annually imports almost as much as Canada and Australasia combined, and with a period of normal rainfall this amount is sure to steadily increase. But the Indian people are Protectionist almost to a unit. So long as Free Trade is the policy of this country,

and we believe that its working is beneficial to the country which adopts it, we have the moral right of imposing Free Trade on India. The cotton import from Great Britain to India alone amounts to £20,000,000; but if Free Trade is to be discarded as the policy of this country, and if the fact that the self-governing Colonies have established Protective duties against the Mother Country is to entitle them to preferential treatment, we cannot deny to India the right of following their example. If such a change occurred, the loss in our export trade to India would more than outweigh any increase we might obtain from the self-governing Colonies. · But the loss does not end here. The cotton exports from this country amount to over £70,000,000 a year. They form a fourth of the whole export trade of the country. Anything which increases the cost of production in this country is fatal to this industry, as its best markets are in the East, but in competition with the United States, which has raw material ready at hand with an unlimited supply of cheap industry. Therefore, so far from increasing your export of manufactures, preferential tariffs would, I believe, operate in the other direction.

LORD GEORGE HAMILTON, at Ealing.
22nd October, 1903.

PART VI.

POLITICAL INCIDENTS.

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Political Incidents.

In the Introduction to the foregoing series of extracts from speeches, it was mentioned that the controversy on the Fiscal Question, of which they formed part, culminated on the 18th September in the resignation of the Secretary of State for the Colonies, the Chancellor of the Exchequer, and the Secretary of State for India. The official announcements on that occasion are appended for purposes of reference in the discussions that may follow :—

10, Downing Street,
Whitehall, S.W.

The following Ministers have tendered their resignations, which have been accepted by the King :—

The Right Hon. JOSEPH CHAMBERLAIN, M.P.
The Right Hon. C. T. RITCHIE, M.P.
The Right Hon. LORD GEORGE HAMILTON, M.P.

The accompanying correspondence has passed between the Prime Minister and Mr. Chamberlain :—

Highbury, Birmingham,
September 9th, 1903.

MY DEAR BALFOUR,—

In anticipation of the important Cabinet which is to meet on Monday, I have most carefully considered the present situation as it affects the Government and also the great question of fiscal reform.

When you, in replying to the deputation on the Corn Tax, and I, in addressing my constitutents at Birmingham, called attention to the changes that had taken place in our commercial position during the last fifty years and suggested an inquiry into the subject, I do not think that either of us intended to provoke a purely party controversy.

We raised, not for the first time, a question of the greatest national and Imperial importance in the hope that it would be discussed with a certain impartiality by both friends and opponents, and that the inquiry thus initiated might lead to conclusions accepted by a majority of the people of this country and represented accordingly in the results of the next general election.

Whether our view was reasonable or not, it was certainly not shared by the leaders of the Liberal Party. From the first they scouted the idea that a system which was generally accepted in 1846 could possibly require any modification in 1903, and the whole resources of the party

organisation were brought into play against any attempt to alter or even to inquire into the foundations of our existing fiscal policy.

Meanwhile, the advocates of reconsideration were at a great disadvantage. Owing to admitted differences of opinion in the Unionist Party, the political organisations of the party were paralysed, and our opponents have had full possession of the field.

They have placed in the forefront of their arguments their objections to the taxation of food, and even to any readjustment of the existing taxation, with a view of securing the mutual advantage of ourselves and our Colonies and the closer union of the different parts of the Empire.

A somewhat unscrupulous use has been made of the old cry of the dear loaf, and in the absence of any full public discussion of the question, I recognise that serious prejudice has been created and that, while the people generally are alive to the danger of unrestricted competition on the part of those foreign countries that close their markets to us, while finding in our market an outlet for their surplus production, they have not yet appreciated the importance to our trade of Colonial markets nor the danger of losing them if we do not meet in some way their natural and patriotic desire for preferential trade.

The result is that, for the present, at any rate, a preferential agreement with our Colonies involving any new duty, however small, on articles of food hitherto untaxed, is, even if accompanied by a reduction of taxation on other articles of food of equally universal consumption, unacceptable to the majority in the constituencies.

However much we may regret their decision, and however mistaken we may think it to be, no Government in a democratic country can ignore it.

I feel, therefore, that as an immediate and practical policy the question of preference to the Colonies cannot be pressed with any hope of success at the present time, although there is a very strong feeling in favour of the other branch of fiscal reform which would give a fuller discretion to the Government in negotiating with foreign countries for freer exchange of commodities, and would enable our representatives to retaliate if no concession were made to our just claims for greater reciprocity.

If, as I believe, you share these views, it seems to me that you will be absolutely justified in adopting them as a policy of your Government, although it will necessarily involve some changes in its constitution.

As Secretary of State for the Colonies during the last eight years, I have been in a special sense the representative of the policy of closer union, which, I firmly believe, is equally necessary in the interests of the Colonies and of ourselves, and I believe that it is possible to-day —and may be impossible to-morrow—to make arrangements for such a union.

I have had unexampled opportunities of watching the trend of events and of appreciating the feelings of our kinsmen beyond the seas. I stand, therefore, in a different position to that of any of my colleagues, and I think I should be justly blamed if I remained in office and thus formally accepted the exclusion from my political programme of so important a part of it.

I think that with absolute loyalty to your Government and its general policy, and with no fear of embarrassing it in any way, I can best promote the cause I have at heart from outside, and I cannot but hope that in a perfectly independent position my arguments may be

received with less prejudice than would attach to those of a party leader.

Accordingly, I suggest that you should limit the present policy of the Government to the assertion of our freedom in the case of all commercial relations with foreign countries, and that you should agree to my tendering my resignation of my present office to His Majesty, and devoting myself to the work of explaining and popularising those principles of Imperial union which my experience has convinced me are essential to our future welfare and prosperity.

Yours very sincerely,
J. CHAMBERLAIN.

10, Downing Street,
Whitehall, S.W.,
September 16th, 1903.

MY DEAR CHAMBERLAIN,—

I did not answer your letter of the 9th, which I received shortly before my departure from Scotland for the Cabinet meeting, as I knew that we should within a few hours have an opportunity of talking over the important issues with which it deals. The reply, therefore, which I am now writing rather embodies the results of our conversations than adds to them anything which is new.

Agreeing, as I do, with you that the time has come when a change should be made in the fiscal canons by which we have bound ourselves in our commercial dealings with other Governments, it seems paradoxical indeed that you should leave the Cabinet at the same time that others of my colleagues are leaving it, who disagree on the very point with us both.

Yet I cannot but admit, however reluctantly, that there is some force in the arguments with which you support that course, based as they are upon your special and personal relation to that portion of the controversy which deals with Colonial preference. You have done more than any man, living or dead, to bring home to the citizens of the Empire the consciousness of Imperial obligation and the inter-dependence between the various fragments into which the Empire is geographically divided.

I believe you to be right in holding that this inter-dependence should find expression in our commercial relations as well as in our political and military relations. I believe with you that closer fiscal union between the Mother Country and her Colonies would be good for the trade of both, and that if such closer union could be established on fitting terms its advantages to both parties would increase as the years went on and as the Colonies grew in wealth and population.

If there ever has been any difference between us in connection with this matter, it has only been with regard to the practicability of a proposal which would seem to require on the part of the Colonies a limitation in the all-round development of a protective policy, and on the part of this country the establishment of a preference in favour of important Colonial products. On the first of these requirements I say nothing, but if the second involves, as it most certainly does, taxation, however light, upon food-stuffs, I am convinced with you that public opinion is not yet ripe for such an arrangement. The reasons may easily be found in past political battles and present political misrepresentations.

If, then, this branch of fiscal reform is not at present within the limits of practical politics, you are surely right in your advice not to treat it as indissolubly connected with that other branch of fiscal reform to which we both attach importance, and which we believe the country is prepared to consider without prejudice.

I feel, however, deeply concerned that you should regard this conclusion, however well founded, as one which makes it difficult for you in your very special circumstances to remain a member of the Government. Yet I do not venture, in a matter so strictly personal, to raise any objection. If you think you can best serve the interests of Imperial unity, for which you have done so much, by pressing your views on Colonial preference with the freedom which is possible in an independent position, but is hardly compatible with office, how can I criticise your determination ?

The loss to the Government is great, indeed ; but the gain to the cause you have at heart may be greater still. If so, what can I do but acquiesce ?

Yours very sincerely,

ARTHUR JAMES BALFOUR.

P.S.—May I say with what gratification, both on personal and on public grounds, I learn that Mr. Austen Chamberlain is ready to remain a member of the Government. There could be no more conclusive evidence that in your judgment, as in mine, the exclusion of taxation on food from the party programme is, in existing circumstances, the course best fitted practically to further the cause of fiscal reform.

On the 19th September, Lord Balfour of Burleigh, Secretary for Scotland, and the Hon. Arthur Elliot, Financial Secretary to the Treasury, also resigned as a protest against the Fiscal proposals.

On the 1st October, Mr. Balfour made a public declaration of the Fiscal Policy of the Government at a meeting at Sheffield, held under the auspices of the National Union of Conservative and Constitutional Associations. He explained the principles of the policy in the following passage :—

The first question you have a right to put to me is : " Do you mean to come forward and ask the country to reverse the verdict arrived at in the great law suit between Free Trade and Protection in 1845 and 1846 ? " My answer is simple and plain. I regard the controversy of 1846 as of no interest whatever to us now, except from a historical point of view. All that was appropriate in 1845 and 1846 is utterly inappropriate in 1903 and 1904. The second question I will imagine being put to me is this : " Do you desire to reverse the fiscal tradition, to alter fundamentally the fiscal tradition, which has prevailed

during the last two generations ? " Yes, I do. " And how," I imagine my questioners going on, " do you propose to alter that tradition ? " *I propose to alter that tradition by asking the people of this country to reverse, to annul, and delete altogether from the maxims of public conduct the doctrine that you must never put on taxation except for revenue purposes.* I say distinctly that, in my judgment, the country ought never to have deprived itself of that liberty, and it ought publicly to resume, in the face of Europe and the world, that liberty of which it deprived itself. Of course, that liberty so resumed may be abused ; I do not doubt it. It may get into incompetent hands, but it should be resumed. This country should again have what every other country in the world possesses, and that of which no other country in the world would think of depriving itself—the liberty to negotiate, and something to negotiate with. The next question I can imagine being asked of me is : " Why do you want to resume this liberty of negotiations, seeing how well the country has prospered for all these years without it ? " To that my reply is, I hope, explicit and distinct. My object is to mitigate, as far as circumstances allow, the injury done to us by hostile tariffs. Those hostile tariffs have inflicted upon us injury of a double kind. They have divided one fragment of the Empire fiscally from the other, they have diverted our industries into channels into which they would never have naturally flowed, they have restricted and hampered our export trade, and their effect has acted and reacted over the whole community—the community of consumers, the community of producers for home consumption. Those are two of the evils, and the third of the evils is the insecurity which, I fear, some great branches of our industry suffer, and must suffer, so long as we permit Protective duties, in combination with trusts, to pour into this country at an unnatural price goods which, under a true system of Free Trade—under a system, I mean, in which every country produces according to its natural capacity—would never be able to compete with, and never be able to outstrip, the industries of home origin. Two other questions, and only two others, have to be asked : " Will the remedy you propose be complete ? " To that I answer, it will not be complete even if it can be tried in its integrity, and it cannot be tried in its integrity, because I believe the country will not tolerate a tax upon food. And if the last question be asked me : " Then do you think it is of any value ? " to that I reply with equal clearness, emphasis, and decision, undoubtedly it will be useful.

The immediate result of the Prime Minister's speech, from which the above extract is taken, was the resignation of the Duke of Devonshire, Lord President of the Council. On the 6th October this event and the circumstances attending it were thus officially announced :—

The Duke of Devonshire has tendered his resignation of the Office of Lord President of the Council, which His Majesty has been pleased to accept.

The following correspondence has passed between the Duke of Devonshire and the Prime Minister :—

Privy Council Office, October 2nd, 1903.

My Dear Balfour,—

I have, since we last met, felt an increasing doubt whether I had been well advised in consenting to separate myself from those of our colleagues whose resignations were tendered and accepted last month.

But until some new development of the situation should have taken place I have not thought it necessary to trouble you with these doubts.

The speech, however, which you delivered last night makes it necessary for me finally and definitely to decide whether I am so far in agreement with yourself on the question of fiscal policy as to make it possible for me, with satisfaction to myself or advantage to the country, to remain a member of your Government. I must, especially as the representative of the Government in one of the Houses of Parliament, in forming this decision, have regard not only to the definite statement of policy contained in your speech, but also to its general tone and tendency. As to the former it was possible to arrive at a clear understanding by previous discussion, but as to the latter no judgment could be formed until the declaration had been actually made.

I was prepared by our discussions for your statement that you desired to obtain the sanction of the constituencies for a reversal of the doctrine that taxation should never be imposed except for purposes of revenue, and this is no doubt the principal and most definite statement in your speech. But you may remember that I told you that I thought it would be very difficult to make this statement the foundation of a great announcement of policy, inasmuch as I was not aware of any law or constitutional principle in which this doctrine was embodied. I admit that you have succeeded in making this declaration the basis of a great political announcement, but, in my opinion, that announcement has been extended very far beyond the necessities of the case. It was unnecessary, in my opinion, for the purpose of the statement to which I had assented, to assert that the controversy of 1846, which you describe as the great lawsuit between Free Trade and Protection, is of no interest whatever to us except from an historical point of view. Nor can I think that it was necessary to assert that you desired to "reverse the fiscal tradition, to alter fundamentally, the fiscal tradition which has prevailed during the last two generations." I had hoped to have found in your speech a definite statement of adherence to the principles of Free Trade as the ordinary basis of our fiscal and commercial system, and an equally definite repudiation of the principle of Protection, in the interest of our national industries ; but in their absence I cannot help thinking that such declarations as those which I have quoted cannot fail to have the effect of materially encouraging the advocates of direct Protection in the controversy which has been raised throughout the country, and of discouraging those who, like me, and I had hoped yourself, believe that our present system of free imports, and especially of food imports, is, on the whole, the most advantageous to the country, although we do not contend that the principles on which it rests possess any such authority or sanctity as to forbid any departure from it for sufficient cause.

I have only ventured to make these criticisms as illustrations of the different points of view from which we regard the whole question, and I am very far from wishing to enter into any personal controversy

with you. You have in your second speech said that this subject could no longer be left an open question among members of the Government, and I think I have said enough to prove to you that there is no such agreement between us on the general question as to make it possible for me to be a satisfactory exponent of your views or those of the Government in the debates which must inevitably take place in the next Session of Parliament.

I cannot adequately express the deep regret which I feel in separating myself from a Government with which I believe myself to be in sympathy on all other matters of public policy, or the anxiety with which I anticipate the wide division which I fear must result from the unexpected scope and strength of your declarations of yesterday in the ranks of the Unionist party ; but, holding the opinions which I have endeavoured to express, no other course is open to me but to ask you to place my resignation in the hands of His Majesty.

I remain, yours sincerely,

DEVONSHIRE.

Whittingehame, Prestonkirk, N.B., October 3rd, 1903.

MY DEAR DUKE,—

I received this afternoon two telegrams forwarded in quick succession by my private secretary in London, the first from you, asking how soon your resignation might be announced, the second giving a full summary of the reasons which moved you to resign. I am not sure which of these unexpected communications surprised me most. On the whole, perhaps, the second.

The first, however, was sufficiently strange. Remember the circumstances. It was on Wednesday, the 16th of September, that you informed me of your resolve to remain in the Government. This decision was preceded by much confidential correspondence, much intimate conversation. There was no phase of policy which I was not prepared to discuss, which I did not, in fact, discuss, with perfect frankness ; men and measures were alike surveyed from every point of view which had a bearing on the present course or future fortunes of the party. A decision arrived at after these preliminaries I had a right to consider final ; and final I certainly considered it. Accordingly, I consulted you, as far as circumstances of time and place permitted, on the best mode of filling up the vacancies in the Government of which you were the most distinguished member ; you were good enough to express some weighty judgments on the delicate matters submitted to you. You even initiated proposals of your own, which I gladly accepted. Our last communication on these subjects was in a letter I dictated during my journey to Sheffield on Thursday afternoon. In less than forty-eight hours I received in Edinburgh the telegrams which first announced both your intention to resign, and your desire to see the process of resignation consummated without delay or discussion.

The principal occasion of this singular transformation was (you tell me) my Sheffield speech. This is strange indeed. In intention (at least) there was no doctrine contained in that speech which was not equally contained in my "Notes on Insular Free Trade" and my published letter to Chamberlain. The first of these documents you had in your possession (before the generality of the Cabinet) at the end of July. The second you saw in manuscript before it appeared in the newspapers. With both, therefore, you were intimately acquainted

during the whole fortnight in which you lent your countenance to the Government after the recent resignations. I must suppose, therefore, that it is some unintentional discrepancy between the written and the spoken word that now drives you to desert the Administration you have so long adorned. Such unintentional discrepancies are no doubt hard to avoid. Not every one, certainly not I, can always be sure of finding on the spur of the moment, before an eager audience of 5,000 people, the precise phrase which shall so dexterously express the exact opinion of the speaker on a difficult and abstract subject, as to foil the opponents who would wrest it either to the right hand or the left. But till one o'clock this afternoon I had, I confess, counted you not as an opponent, but as a colleague—a colleague in spirit as well as in name. To such an one it would have seemed natural (so at least I should have thought) to take in cases of apparent discrepancy, the written rather than the spoken word as expressing the true meaning of the author, or (if this be asking too much) at least to make inquiries before arriving at a final and hostile conclusion.

But, after all, what and where is this discrepancy which has forced you in so unexpected a fashion to reverse a considered policy? I do not believe it exists; and if any other man in the world but yourself had expended so much inquisitorial subtlety in detecting imaginary heresies, I should have surmised that he was more anxious to pick a quarrel than particular as to the sufficiency of its occasion.

To you, fortunately, no such suspicion can attach; yet am I unreasonable in thinking that your resignation gives *me* some just occasion of complaint and perhaps some occasion of special regret to yourself?

Am I, for example, not right in complaining of your procedure in reference to the Sheffield speech? You fear that it will aggravate party division. If there is anything certain, it is that the declaration of policy then made produced, and is destined still to produce, a greater harmony of opinion than has prevailed in the party since the fiscal question came to the front six months ago. Had you resigned on the 15th, or had you not resigned at all, this healing effect would have suffered no interruption. To resign now, and to resign on the speech, is to take the course most calculated to make yet harder the hard task of the peacemaker. Again, do you not feel some special regret at having at this particular juncture to sever your connection with a Unionist Administration? Doubtless there is no imaginable occasion on which you could have left one without inflicting on it serious loss. At the moment of its most buoyant prosperity your absence from its councils would have been sensibly felt; but you have in fact left it, when, in the opinion of our opponents, its fortunes are at their lowest and its perplexities at their greatest. It may be, however, that you are spared this aggravation of the inevitable pain of separation by holding, as I hold, that our opponents are in this mistaken. I firmly believe they are. I see no difficulty in successfully carrying out the policy which for a fortnight you were ready to accept, by the help of the Administration which for a fortnight you aided me to construct. On this point I feel no disquiet. I cannot pretend to view with a like equanimity the loss of a colleague whose services to the Unionist party no changes and chances of political fortune can tempt any Unionist to forget.

Yours very sincerely,
ARTHUR JAMES BALFOUR.

On the same day when the above correspondence was made public, Mr. Chamberlain delivered a speech at Glasgow in which he disclosed the main details of his proposals for Preferential Trade within the Empire and general Tariff treatment of imported manufactures. An abridgement of this speech will be found at the end of Part VII. In consequence of it, the following letter was addressed by the Duke of Devonshire to Sir Michael Hicks Beach, Chairman of the Parliamentary Committee of the Unionist Free Food League :—

Devonshire House, Piccadilly, October 13th, 1903.

My Dear Beach,—

You informed me when I saw you last Friday that a wish has been expressed that I should join the Unionist Free Food League, and perhaps take a leading part in its operations.

I understand that the principal object of the League is to oppose the new departure in fiscal policy which has now been definitely announced and includes the taxation of food imports from foreign countries and preferential treatment of the Colonies, as well as a general tariff on imported manufactured goods. I further understand that its objects do not involve opposition to the policy of the Government, so far as it is limited to the intention of reserving to themselves the right of proposing to Parliament tariff legislation for the purpose of the negotiation of commercial treaties and the mitigation of hostile tariffs.

But I also understand that, having regard to the strongly protectionist tendencies manifested at the recent conference at Sheffield, to the present composition of the Government, and to the somewhat ambiguous declarations of the Prime Minister, it will be the object of the League to exert all the influence it may possess for the purpose of restraining the future action of the Government within the limits above stated, and of assisting them to resist the pressure which may be brought to bear on them by some of their supporters to commit themselves in the direction of a Protectionist policy.

I believe that I am entirely in sympathy with these objects, and I am also of opinion that it is desirable that the duty of presenting to the country the economical and political arguments against the proposals of the Tariff Reform League should not be left entirely to the Radical Opposition, or to the members of the Cobden Club. Holding these opinions, I feel that the request which you make, that I should give some sign of sympathy with those with whom you are acting, is one which I cannot reject, although I may be unable to comply with it unconditionally.

The body which you ask me to join is, as I understand, though bearing the name of League, substantially a Parliamentary Committee, and I anticipate that you will seek to broaden its constitution with the object of extending its operations. If this be done, and if I am invited to accept the Presidency, I must ask to be consulted as to the nature of such extension, so as to have an opportunity of determining how far I may feel myself in unison with its new constitution. I would

also ask that, in any event, it may be made clear that the views I have above expressed as to its attitude towards the Government are fully shared by the League.

It must also be understood that such services as I could render can only be of a limited character. It is now seventeen years since I took an active part in a campaign against Home Rule. It is not in my power now to take the same part as I then did, and I must be regarded rather as an adviser than as a combatant. It is with some reluctance that I should consent to take even this modified share in the present controversy; but I feel that many Unionist members of Parliament, whose views I believe to be in agreement with mine, are making great sacrifices in order to maintain their opinions, and I am unwilling that they should regard me as being indifferent to their political interests.

I remain yours sincerely,

DEVONSHIRE.

At a meeting of the Parliamentary Committee of the Unionist Free Food League, held October 14th, the following resolution was proposed by Sir Samuel Hoare, M.P., seconded by Mr. Abel Smith, M.P., and carried unanimously :—

"The members of the Parliamentary Committee of the Unionist Free Food League have received the communication made by the Duke of Devonshire to Sir Michael Hicks Beach with the greatest satisfaction, and willingly accept all the conditions contained in it.

"They also trust that the Duke of Devonshire will afford them his full counsel and guidance in political and Parliamentary action, and in return they assure him of their most earnest and loyal support."

The above resolution was communicated to the Duke of Devonshire.

Lord George Hamilton, M.P., and the Right Hon. C. T. Ritchie, M.P., joined the Unionist Free Food League.

On the 23rd October, a meeting of the Parliamentary Committee of the Unionist Free Food League, and other members of Parliament specially invited from various parts of the country, was held at the Westminster Palace Hotel, at which there were present, among others :

The Duke of Devonshire, the Duke of Manchester, the Earl of Lytton, Lord James of Hereford, Lord G. Hamilton, M.P., Sir M. Hicks Beach, M.P., Mr. Ritchie, M.P., Lord Hugh Cecil, M.P., the Hon. A. Elliott, M.P., Sir J. Gorst, M.P., Mr. Winston Churchill, M.P., Mr. B. L. Cohen, M.P., Sir S. Hoare, M.P., Sir H. S. King, M.P., Mr. Lees Knowles, M.P., Mr. Tritton, M.P., Mr. Thornton, M.P., Mr. Hatch, M.P., Mr. Murray Guthrie, M.P., Mr. E. Beckett, M.P., Major Seely, M.P., Mr. Bond, M.P., Mr. C. H. Seely, M.P., Mr. Ian Malcolm, M.P., Mr. M. H. Shaw-Stewart, M.P., the Hon. R. Greville, M.P., Mr. Hayes Fisher, M.P., the Hon. W. F. D. Smith, M.P., the Hon. G. Goschen, M.P., the Hon. Ivor Guest, M.P., Lord Robert Cecil, Mr. Albert Pell, Mr. E. Brodie Hoare, the Right Hon. Lewis Fry, Mr. Hugo Mallet,

Mr. J. C. Bailey, Mr. Sydney Morse, Mr. William Corderoy, Mr. Edgar H. Samuel, Mr. J. T. Travis Clegg (chairman of the Oldham Conservative Club), the Hon. Fitzroy Stewart, Mr. J. Gurney Fox, Mr. L. Arthur Smith, Mr. A. R. Steele, Mr. George Cawston, Mr. Andrew Johnston, Mr. J. B. Maxwell, Mr. William T. Malleson, the Hon. George Peel, Sir Henry R. Fairfax Lucy, Mr. W. R. Malcolm, Mr. J. St. Loe Strachy, Sir William Chance, Mr. J. Moore Bayley (chairman of the Birmingham Central Division Conservative Association), Mr. W. E. Ball, and Mr. Harold Russell.

Letters regretting inability to attend the meeting were received from Lord Balfour of Burleigh, the Earl of Northbrook, Viscount Peel, Viscount Goschen, Viscount Cross, Lord Avebury, Mr. J. Wood, M.P., the Right Hon. H. Hobhouse, M.P., Sir J. Stirling-Maxwell, M.P., Mr. Gibson Bowles, M.P., the Hon. F. W. Lambton, M.P., Sir E. Vincent, M.P., Colonel Denny, M.P., Mr. J. Heywood-Johnstone, M.P., Mr. Cameron Corbett, M.P., Mr. J. S. Pemberton, M.P., Mr. J. G. A. Baird, M.P., Mr. Yerburgh, M.P., Sir C. B. Renshaw, M.P., Mr. Galloway, M.P., Lord H. Bentinck, M.P., Sir F. Wills, M.P., Sir Barrington. Simeon, M.P., Mr. Austin Taylor, M.P., Sir M. Shaw-Stewart, Sir C. D. Cave, Mr. G. Murray Smith, Mr. Hugh Bell, Mr. Hodgkin, Mr. A. J. Evans, Mr. Graham Hutchinson, Mr. W. Burgess (Liverpool), and others.

The Duke of Devonshire was unanimously elected President. Viscount Goschen, the Right Hon. Sir M. Hicks Beach, M.P., and the Right Hon. C. T. Ritchie, M.P., were, on the proposition of Lord James of Hereford, seconded by Lord George Hamilton, M.P., unanimously elected as Vice-Presidents. Lord James of Hereford was elected Hon. Treasurer.

Manifesto to the Country.

It was unanimously decided to issue the following statement for publication :—

" His Grace the Duke of Devonshire, K.G., President ; Viscount Goschen, Sir Michael Hicks Beach, M.P., and Mr. C. T. Ritchie, M.P., Vice Presidents ; Lord James of Hereford, Hon. Treasurer; Mr. F. H. A. Manners-Sutton, Secretary ; offices, 15, Victoria-street, Westminster.

" The Unionist Free Food League was originally formed to afford a means of united action in Parliament and the constituencies to those members of the party who were opposed to protective duties on food. Its members have been amply justified as loyal Unionists in offering opposition to a proposal which neither in its inception nor in its later developments has been accepted by his Majesty's Government. The policy recently foreshadowed by the Prime Minister is of another kind. Mr. Balfour, deeply impressed with the injury done to our trade by the Protectionist tariffs of certain foreign nations, has recommended the acceptance of the principle that we should, if necessary, impose retaliatory duties against any country which ' treats us with outrageous unfairness ' in this respect, and which after negotiation declines to ' modify its policy to our advantage.' With Mr. Balfour's object everyone must sympathise, but the practicability of attaining it by the means which he suggests ' without disadvantage to ourselves ' (which he has himself described as the ' guiding policy ' in the matter) is by no means clear. The Unionist Free Food League is prepared to consider in a friendly and loyal spirit any definite plan which the Prime Minister may in pursuance of his view submit to Parliament.

"Mr. Chamberlain's policy has a wider scope and a different object. He desires to promote trade within the Empire and thereby the unity of the Empire by a scheme of fiscal rearrangement involving the imposition of duties on the principal untaxed foodstuffs imported from foreign countries, and of duties averaging 10 per cent. on all imported manufactured and partly manufactured articles. The direct disadvantages of such a policy to the people of the United Kingdom are obvious. It would raise the price of the whole supply, whether from foreign, colonial, or home sources, of the food stuffs and other articles subjected to taxation. It would thus impose permanently on the consumer a burthen far greater than the yield of the new taxes to the Exchequer or than the benefit he could receive by the suggested remission of part of the duties on tea and sugar, which were raised to their present amount primarily for the purposes of war. It would, therefore, injure our home trade by lessening the purchasing power of the people, and by the harassing interference inseparable from a customs tariff, embracing a great number of articles even at a low rate of duty. As to our foreign trade, it would raise the price of those partly manufactured imports, which are the raw materials of many of our best-paid industries, and would in this way increase the cost of producing the goods which we export, and thus impair our power of competing with our industrial rivals. It would diminish the margin which in the case of the poorest classes exists between poverty and destitution.

"In compensation for these direct disadvantages it is alleged that the colonies will give us some further preference against foreigners. But the nature and value of such preference remains wholly undefined; all we know is that the colonial manufacturer would still be protected against the British manufacturer, though the British farmer would not be protected against the colonial farmer. This policy would impose on us all the disadvantages of an Imperial Zollverein with none of its gains. Its effects on the Empire would be to promote disintegration rather than union. Its advocates seem to have paid but little, if any, attention to the position and needs of India and of other British possessions whose tariffs are on a non-protective basis. It is pressed on us in the interest of our connection with the Protectionist self-governing Colonies, where a sentiment of common patriotism and affection towards the Mother Country has flourished under a system of fiscal independence. This sentiment would not be strengthened but endangered by an attempt to frame an impracticable preferential tariff, excluding raw materials, which should grant anything like equal favour to the different colonies or the diverse interests within them; as well as by any restrictions which would prevent us from reducing the burthen on our people, or preclude the Colonies from fostering new industries in any way most in accordance with their own opinions.

"The question at issue must be judged, not merely by the comparatively small duties now proposed, but by the arguments by which they are openly defended. When so considered it will be seen that we are asked to take the first step in a return to Protection. There is nothing in the general industrial condition of the United Kingdom which justifies so great a change, nor do any views that have been expressed by responsible colonial statesmen warrant the assertion that it is necessary in order to keep the Empire together. If the principles of the Tariff Reform League are once accepted by the electorate, it is clear from what has already occurred that manufacturing and producing interests will endeavour to obtain protection for their own indus-

tries, in utter disregard of the general welfare of the country. History warns us that such attempts elsewhere have established the tyranny of monopolies sustained by the corruption of public life. In the hope of assisting to save the nation from such calamity all Unionists who share the views of the Free Food League are urgently invited to join the league and to subscribe to its funds. Steps have already been taken to produce and disseminate literature and to supply speakers for meetings where desired."

The Duke of Devonshire accepted the chairmanship of the committee which was appointed to consider the constitution and future proceedings of the league. It was announced that Earl Cowper, Viscount Ebrington, Lord Monteagle, the Hon. Fitzroy Stewart, Mr. Gurney Fox, Mr. G. J. Marjoribanks, Mr. Graham Hutchinson (vice-chairman West Scotland Division of the National Union), amongst others, had joined the league.

PART VII.

EXTRACTS FROM MR. CHAMBERLAIN'S SPEECHES ON FISCAL POLICY.

PART VII.

Extracts from Mr. Chamberlain's Speeches on Fiscal Policy.

1881.

Taxation of Food.

I can conceive it just possible, although it is very improbable, that under the sting of great suffering, and deceived by misrepresentations, the working classes might be willing to try *strange remedies and might be foolish enough to submit for a time to a proposal to tax the food of the country ;* but one thing I am certain of, if this course is ever taken, and if the depression were to continue, or to recur, it would be the signal for a state of things more dangerous and more disastrous than anything which has been seen in this country since the repeal of the Corn Laws. . . . A tax on food would mean a decline in wages. It would certainly involve a reduction in their productive value ; the same amount of money would have a smaller purchasing power. It would mean more than this, for it would raise the price of every article produced in the United Kingdom, and it would indubitably bring about the loss of that gigantic export trade which the industry and energy of the country, working under conditions of absolute freedom, have been able to create.

Mr. CHAMBERLAIN, in the House of Commons. 12th August, 1881. 3rd Series, Hansard, vol. 264, p. 1803.

1882.

Is Preference Protection?

The House has learnt from the hon. member [Mr. Ecroyd] that the question whether a man is a Protectionist or not depends entirely upon his motive at the time. It is not a question of fact ; but it is a question of intention ; and if a man comes to this House and proposes to levy a 5s. duty on corn to protect the farmer, he would be a Protectionist ; but if another man comes down and proposes to lay the same duty on foreign corn, and said, in the words of the hon. member, that he did it " quietly and peacefully, in order to determine the flow of capital and labour by driving industry to the Colonies," and although the same results may follow, although the action is similar and the conditions are identical, in the one case it is to be called " Protection," while in the other the name of " Protection " is to be

indignantly repudiated. That seems to be a question beyond ordinary comprehension. It is a problem in casuistry rather than a question of practical politics. . . .

Protection Irrevocable.

The hon. and learned member for West Staffordshire [Mr. Staveley Hill], at all events, stated most distinctly that his proposal was only to levy these taxes as a matter of temporary emergency, and until other nations had been brought to their senses. I wish to point out that it was upon similar promises that the Protective Tariff of the United States was introduced. It was to be a temporary measure, and was to stimulate the infant industries of the country. But, although those industries have grown to manhood and have been sufficiently stimulated, we do not find the duties removed. On the contrary, they have gone from bad to worse, increasing the duties from year to year ; and the artificially created industries have become such a power in the State that it has been found almost impossible to deal with them. . . .

American Shipping.

But the most striking of all is . . . the case of the shipping trade of the United States. It is a case which is in everybody's mind, and the facts are so remarkable that I will venture to quote them to the House. So long as ships were built almost exclusively of wood, the shipping trade of the United States progressed in even a more rapid ratio than that of the United Kingdom. The United States having an enormous seaboard and an active, courageous population, there was nothing to prevent them from being the greatest carrying nation in the world, except their Protective system. On iron and every article that entered into the construction of a ship, and upon the ship itself, there is a duty so onerous that the carrying trade of the world has passed away from America and has come to this country.

I find also, that the building of American shipping, which was 272,000 annually in 1850, had remained stationary in 1870, and was still only 276,000 tons ; while in 1880, ten years later, it had fallen to 157,000 tons. At the same time the annual tonnage building of English shipping has increased from 226,000 to 473,000—that is to say, the tonnage of English shipping built annually has more than doubled in the time during which the tonnage of shipping built in America has been diminished by nearly one-half. Well, I believe that the Americans are beginning to see—although at present perhaps slowly, and perhaps dimly—the effect of this foolish policy upon their own prosperity. . . .

Misleading Comparisons.

But whatever may have been our own progress, we are told that we ought still to be discontented, because other countries have made still greater progress. That is a state of things which Fair Traders are totally unable to see with satisfaction. Now, I am very doubtful whether any proof whatever has been given that any other country has done as well during the last ten years as we have. But if other countries have progressed more than we have, I should have said that that proved nothing either for or against Protection ; because in dealing with this matter it must be borne in mind what a multiplicity of factors we have to take into consideration in estimating the relative progress of foreign nations compared with our own. We

should have to take into account the increase of population, the development of the means of communication, and many other matters besides the effect of fiscal regulations. A country in which the population is greatly increasing is likely to increase its products more rapidly than a country in which the population is stationary. Again, if at the period which we select for our comparison, one country is without an efficient means of communication, and these have been subsequently supplied, we should expect the increase to be greater than in an older country, where such means of communication have existed all along. We must consider also such special circumstances as war, famine, bad harvests and other things which affect trade at particular times and in particular countries. Lastly, we have to take into account—and this is of particular importance in considering the difference which a calculation of percentages apparently shows—the initial condition of the country with which you make your comparison. In other words, if you were comparing a country with a trade of £1,000,000 and a country with a trade of £10,000,000, and both had increased their trade by the amount, say, of £10,000,000, it is quite clear that the increase in both cases is the same; but, calculated by percentages, the proportion of increase in the one case is 1,000 per cent., and in the other only 100 per cent. The increase is the same in the amount in both cases; but the proportion in the one case is ten times as great as it is in the other. I hold that the true measure of a country's prosperity is to take both her exports and imports . . .

Food Taxes Impossible in England.

The hon. member for West Staffordshire [Mr. Staveley Hill] says, in the Amendment he has put upon the Paper, that duties are to be levied on foreign produce, provided that nothing is done to raise the price or diminish the supply of food. *I do not know whether the hon. member thinks that you can tax food without raising its price. I would, at any rate, lay down the axiom, to begin with, that that is impossible,* and *it is only by increasing the price that the object of the hon. member for Preston* [Mr. Ecroyd, who wished to tax food] *can be achieved, and that you can stimulate the growth and prosperity of our Colonies.* The modest proposal he makes would raise the price of home-grown corn also, and the result would be that the British consumer would have to bear a tax of £40,000,000, £14,000,000 of which would go to the revenue if the foreign importations continued, and £26,000,000 would go, not to the farmer or the labourer—for if anything is proved by the experience of the past, it is that it would go neither to the farmer nor the labourer—but it would go to the landed interest, to enable them to keep up their rents. All I have to say of a proposal of that kind is that it could never be adopted by the country, or if adopted it would be swept away upon the first recurrence of serious distress. . . .

Retaliation and Our Food Supply.

If the hon. member [Mr. Ecroyd] does not think that this transfer could be effected readily with regard to the supply of food for this country from foreign countries to our Colonies, I should like to know very much what we are to do in the interval? *If we are to retaliate upon foreign countries by imposing a duty on food imported from those countries into England, as a means of inducing them to alter their tariffs, and effecting a transfer of the supply of food to the*

Colonies I do not see where the food of the country is to come from, because it is impossible that in anything like a reasonable time our Colonies could produce an amount of food at all approaching to the quantity required. But even if they could, at a future period, produce it, they could not possibly accept payment for it in our manufactures . . . The hon. baronet [Sir John Lubbock] has pointed out with perfect truth that if we are to enter upon this game of Retaliation, it is a game at which two can play, and that we shall play at a great disadvantage. Our imports of manufactures and half manufactures are only £35,000,000, while we export £190,000,000, which would leave a balance of £155,000,000 on which we stand to lose in the game of Retaliation; and, therefore, I cannot but regard the proceeding as a very risky one.

Mr. CHAMBERLAIN, in the House of Commons. Friday, 24th March, 1882. 3rd Series, Hansard, vol. 267, pp. 1884, 1886, 1887, 1893, 1894, 1897, 1898, and 1901.

1883.

Free-Trade Principles Unshaken.

In judging Mr. Cobden, we have to consider, not whether the world has been wise enough to adopt his views, but whether anything has occurred since his death that has weakened the force of the arguments which he used, or that has thrown the slightest doubt on the conclusions at which he arrived. Tried by this test, I think that Free Trade will successfully stand the experiment. It is quite true that the organised interests by which Protection is supported have been in many instances too strong for their assailants. In the United States the condition of the country, the extraordinary development of its internal trade, and the marvellous opportunities which have been offered by its vast expanse of unoccupied territory, have favoured the advocates of Protection. On the Continent of Europe, Governments committed to an excessive military expenditure have naturally enough lent their aid to Tariffs which conceal while they increase the burden of taxation. *But the arguments against this system, by which the few are enabled to enrich themselves at the expense of the many, remain absolutely unshaken, and I do not doubt that, in the long run, truth and reason will prevail.* For myself, speaking only as an Englishman, I will say frankly that I do not regret the slow progress of conviction. I look forward with anxiety, not unmingled with alarm, to the time when our merchants and manufacturers will have to face the free and unrestricted competition of the great Republic of the West, and when the enterprise of its citizens and the unparalleled resources of its soil will no longer be shackled and handicapped by the artificial restrictions which have hitherto impeded the full development of its external commerce.

. . . We must recognise that the time has come when every case of military intervention must be more and more closely scrutinised, and that the general tendency of public opinion is in the direction of the views which Cobden advocated—that no chimerical policy of interference with the affairs of other nations can any longer be expected to commend itself to the popular opinion of this country, and will never again form the policy of any Government.

Mr. CHAMBERLAIN. Speech at the Annual Dinner of the Cobden Club at Greenwich. Saturday, 30th June, 1883. *Times*, Monday, 2nd July, 1883, p. 6, col. 1.

1896.

Zollverein.

You will, then, see that so far we have only arrived at a deadlock. We have a proposal by British traders which is rejected by the British Colonies; we have a proposal by Colonial Protectionists which is rejected by Great Britain. We have, therefore, if we are to make any progress at all, to seek a third course—a course in which there shall be give and take on both sides, in which neither side will pedantically adhere to preconceived conclusions, in which the good of the whole shall subordinate the separate interests of the parts. . . . I admit that, if I understand it correctly, I find the germs of such a proposal in a resolution which is to be submitted to you on behalf of the Toronto Board of Trade. What is that resolution? Again I say I hope that I am correctly explaining it. That resolution I understand to be one for the creation of a British Zollverein or Customs Union, which would establish at once practically Free Trade throughout the British Empire, but would leave the separate contracting parties free to make their own arrangements with regard to duties on foreign goods, except that *this is an essential condition of the proposal—that Great Britain shall consent to replace moderate duties upon certain articles which are of large production in the Colonies. Now, if I have rightly understood it, these articles would comprise corn, meat, wool, and sugar, and perhaps other articles of enormous consumption in this country which are at present largely produced in the Colonies*, and which might, under such an arrangement, be wholly produced in the Colonies and wholly produced by British labour. On the other hand, as I have said, the Colonies, while maintaining their duties on foreign importations, would agree to a free interchange of commodities with the rest of the Empire, and would cease to place Protective duties on any product of British labour. . . .

Mr. CHAMBERLAIN. Speech to the Chambers of Commerce of the Empire. Tuesday, 9th June, 1896. *Times*, Wednesday, 10th June, 1896.

German Exports.

Let us look, then, at the course of trade as between Germany and this country, and when we do so I think we shall find that, although there is reason for watchfulness, there is no reason at all for despairing, and there is hardly reason for serious alarm—certainly nothing of a kind which would "make Mr. Chamberlain's hair stand up on end." I do not want, at a meeting of this kind, to burden you with many statistics, but I will ask you to follow me in one or two figures so plain and so simple that I think they will be sufficient to prove my case. If Germany is encroaching in this terrible way upon the trade of the United Kingdom, of course we should expect to find that the exports from the United Kingdom would materially have diminished and the exports from Germany have materially increased. What are the facts? The last year from which I have complete returns is 1894, and I take a period of ten years backwards from 1894. In 1885 the total export of domestic produce from the United Kingdom—that is, leaving out of count altogether the foreign and Colonial produce which comes to this country, and which is re-exported at a profit, and taking only things of our own manufacture and production—was 213 millions. In 1894 it was 216 millions, an increase of three

millions. The total exports of domestic produce from Germany were 143 millions in 1885, and 148 millions in 1894—that is to say, they had increased five millions while ours had increased three millions. Well, then, what has been the course of trade between Germany and this country? Here I have the returns down to last year, 1895. The exports of produce from the United Kingdom to Germany have risen in the years from 26 millions to 33 millions, an addition of seven millions. The exports in the other direction, from Germany to the United Kingdom, have risen in the same time from 21 millions to 27 millions, or an increase of six millions. That is to say, the trade of both States has increased in practically the same proportion, but the increase of British trade has been seven millions, while the increase in German trade has been six millions. Now, is it not perfectly clear, whatever special changes may have taken place, that the general movement of trade has not been of material importance? There have been considerable fluctuations in the course of the ten years which I have taken for the purpose of examination, sometimes in favour of Germany, sometimes in favour of this country, but on the whole, and taking the whole period, the result shows that there is substantially *no change of the slightest importance* in the relative proportion of German and of British trade. While it is most important that this question should have your careful and continuous attention, there is *no reason whatever for putting forward alarmist views of our position*, which are greedily snapped up abroad, and which lead our foreign friends and competitors to take altogether an erroneous view of the commercial power and the commercial influence of Great Britain,

Mr. CHAMBERLAIN. Speech at the Grand Hotel, Birmingham, to the Birmingham Chamber of Commerce. Friday, 13th November, 1896. *Times*, Saturday, 14th November, 1896, p. 12, col. 2.

1902.

Imperial Free Trade.

There are two salient facts which appear on the surface of these fuller returns which I shall put before you. The first is this. That if we chose—that is to say, if those whom we represent chose—the Empire might be self-sustaining. It is so wide; its products are so various; its climates so different, that there is absolutely nothing which is necessary to our existence, hardly anything which is desirable as a luxury which cannot be produced within the borders of the Empire itself. And the second salient fact is that the Empire at the present time, and especially the United Kingdom—which is the great market of the world—derives the greater part of its necessaries from foreign countries, and that it exports the largest part of its available produce—surplus produce—also to foreign countries. This trade might be the trade, the inter-Imperial trade, of the Empire. It is at the present time, as I say, a trade largely between the Empire and foreign countries. Now, I confess that, to my mind, that is not a satisfactory state of things, and I hope that you will agree with me that everything which can possibly tend to increase the interchange of products between the different parts of the Empire, is deserving of our cordial encouragement. What we desire, what His Majesty's Government has publicly stated to be the object for which they would most gladly strive, is a free interchange. If you are unable to accept that as a principle,

then I ask you how far can you approach to it ? If a free interchange between the different parts of the Empire could be secured, it would then be a matter for separate consideration altogether what should be the attitude of the Empire as a whole, or of its several parts towards foreign nations ? The first thing we have to do, the thing which touches us most nearly, is to consider how far we can extend the trade between the different parts of the Empire—the reciprocal trade. . . .

The Case of Canada.

But in Canada, before the Conference of 1897, the Canadian Government had decided to give us a preference which then amounted to 25 per cent., and this subsequently was increased to 33⅓ per cent. This was a preference voluntarily accorded by Canada on British taxable goods imported into the Dominion. Canada, therefore, has anticipated the general proposal of the Premiers, and the time which has elapsed has been sufficient to enable us to form a judgment of the effect of an arrangement of this kind, and I have to say to you that while I cannot but gratefully acknowledge the intention of this proposal and its sentimental value as a proof of goodwill and affection, yet that its substantial results have been altogether disappointing to us, and I think they must have been equally disappointing to its promoters. . . . . Up to 1885 British exports steadily increased to the Dominion of Canada. Then the Government of the day adopted a very severe Protective tariff, which by the nature of things, perhaps, specially affected British goods. We are not the exporters, as a rule, of raw materials, or of food. We, therefore, do not export the articles which Canada freely imports. We export manufactured goods, and it was against manufactured goods that the tariff was intentionally, I suppose, directed. The result of that was, that *there immediately set in a continuous and rapid decline in the importation of British goods into Canada.* Now, the preference which was given in 1897 has checked the decline, but there is very little increase. Practically the checking of that decline is the whole result which we can recognise as having followed the generous intentions of the Canadian Government. Foreign produce at the present time in Canada has still a lower average tarift than British produce, no doubt due to the fact that the foreign produce is, as I have said, as a rule, of a character upon which lower duties are ordinarily levied ; but the result is that, while foreign imports have largely increased, the British imports have largely decreased. . . . The net result, which I desire to impress upon you, is that *in spite of the preference which Canada has given us, their tariff has pressed, and still presses, with the greatest severity, upon its best customer, and has favoured the foreigner*, who is constantly doing his best to shut out her goods.

Mr. CHAMBERLAIN. Speech opening the Colonial Conference of 1902. Cd. 1299 of 1902, pp. 6, 7, and 8.

1903.

Danger of Dividing England.

Believe me, it is borne in upon me now more than ever, you cannot weaken the centre without destroying all that depends upon the centre. If you want an Empire you must be strong and united at home. If separation begins here, take my word for it it will not stop here. The Empire itself will be dissolved into its component atoms.

Mistake Irretrievable.

Make a mistake in legislation, yet it can be corrected; make a mistake in your Imperial policy, it is irretrievable. You have an opportunity; you will never have it again.

Not a Protectionist.

We are all Free Traders. Well, I am. I have considerable doubt whether the interpretation of Free Trade which is current amongst a certain limited section is the true interpretation. But I am perfectly certain that I am not a Protectionist.

Mr. CHAMBERLAIN. Speech at Birmingham, Friday, 15th May, 1903. *Times*, Saturday, 16th May, 1903.

The Plan.

In the course of the debate somebody asked for a plan. If by a "plan" he means a detailed scheme of some new Tariff or some new fiscal arrangement or reciprocity treaty, nothing of the kind can be produced at the present moment; and that is not the question I have raised, or which has been raised by the late or the present Prime Minister. . . .

Food and Raw Materials.

Therefore we come to this—if you are to give a preference to the Colonies—I do not say that you are—you must put a tax on food. I make hon. gentlemen opposite a present of that. . . . . I say that, without binding myself for all time or without shutting my eyes to possible further fresh information, so far as I can see it will not be necessary to put any tax at all on raw material. And that for obvious reasons. . . . The hon. member of Carnarvon wishes to know whether the question will be raised at the dissolution. Sufficient unto the day. In the meantime, he, as well as others will have to discuss the subject in the country. In regard to that, as far as I am concerned I will do everything which my limited power will permit to bring the question in all its bearings before the people of this country. . . . I am bound to consider the possibility, at any rate, that the views of the nation may be in favour of some such change as is the subject of this discussion. Now, in that event, when we have got the mandate—if we ever get it—then will be the time to produce the plan. Everybody knows that a plan, in the sense of a definite and complete scheme, is absolutely impossible until we know a great deal of matters into which we have still to inquire, and into which we cannot inquire profitably or advantageously unless we know we have got the country behind us. . . . I have shown to the House pretty clearly, I think, that nothing in the nature of a complete plan can be put before the country. . . . Now, the first thing I should do, if we get a mandate from the country, would be to consult the Colonies. In that case I should call another conference of representatives of the self-governing Colonies; and I have not the slightest doubt myself that as the result, arrangements which we should consider were perfectly fair between the two parties—arrangements, that is to say, which gave us as much as we gave them—could be completed with all the Colonies. . . . I think I have indicated the lines on which my mind has moved, and the discussion which I wish to raise—and which I promise the hon. member I will raise—before the constituencies. . . . I am

prepared to go into any mechanic's house, or any labourer's house or to address meetings of workmen or labourers, and take certain hypothetical calculations—for instance, that there was to be one shilling or two shillings on corn—and say to them, "Now, this policy, if it is carried out, will cost you so much a week more than you pay at present for your food." I set aside altogether any economical question as to whether they would or would not have to pay the whole of the duty that might be imposed. I would assume, for the sake of my argument, that you pay every penny of the duty, and, having assumed that, I will tell you what your cost will be. I know how many loaves you consume. I know how much meat you eat. I know what you take of this, that, and the other, on which it may be proposed to put a duty, and I will give you a table from which you can tell for yourself how much extra wages you must get in order to cover the extra expense of living. And there is the argument to which hon. members opposite will have to give their serious attention. If they can show that the whole of this business will mean a greater cost of living to the working men and no increase of income, I have not the least doubt whatever that all their optimistic prophecies will come true. But if I can show that in return for what I ask I will give more than I take, then, I think, poorly as they may regard my judgment, I may still have a chance.

Reciprocity.

In my speech, if I may be permitted to refer to it, I called attention in the first place to what I considered the opportunity existing at the present time, and the importance of seizing the opportunity of making preferential arrangements in the nature of a reciprocity agreement with the Colonies. . . . . But, if there is reciprocal preference, it is clear that we must have not only something to receive, but something to give. It is clear also that what we have to give must be given on some great product of the Colonies ; and as the hon. member for Carnarvon has perceived, the preference must be given either on raw material or on food, or on both. . . . I have said that I conceive it to be possible—I will put it no higher than that—to make preferential arrangements with the Colonies which would be beneficial to both sides.

Who will Pay?

Then to whom shall we give that sum ? In the first place, who is going to pay the tax ? The working classes are going to pay three-fourths of it, because it is the calculation in all taxes on consumption that the poorer classes pay three-fourths, and the well-to-do one-fourth. . . . That being so, according to my mind, it is a matter of common justice that the working classes are entitled to every penny of the three-fourths, and I would give them without the slightest hesitation the other one-fourth.

A Large Sum.

Suppose you put a duty not for the purpose of Protection—not at all—but for the purpose of gaining these advantages, having something to give to your Colonies—suppose you put a duty on these products, I suppose it will produce a *very large revenue.* We do not want that revenue for the normal expenditure of the country; therefore we shall have *a large sum* at our disposal. . . . Therefore I should consider that any government which imposed these duties

—in addition to all the collateral advantages to which I have referred —would have a very large sum at their disposal which they ought and must apply to social reform. . . . I know that some people contest very strongly how much of a duty is protective or not ; but, still, I should say, it would be generally admitted that, if you were to put *a considerable duty on corn*, that would be to a certain extent protection for the farmer; although that is not the intention, it must be the consequence of the tax. And that will also justify some argument ; but it will not be in any case an unmixed evil.

Retaliation.

We are the one open market of the world. We are the one dumping ground of the world. . . It is absolutely necessary that we should have power to put duties on certain things if we are to retaliate in any way where our Colonies are injured by the reprisals of foreign countries.

Mr. CHAMBERLAIN. Speech in the House of Commons. Thursday, 28th May, 1903. *Times*, 29th May, 1903.

Old-Age Pensions.

As regards old-age pensions, I would not myself look at the matter unless I felt able to promise that a large scheme for the provision of such pensions to all who have been thrifty and well-conducted would be assured by a revision of our system of import duties. . . .

Food Taxes.

I feel confident that in the matter of Preferential Tariffs and commercial fair play, the working men will think for themselves, and will not be dictated to even by the most trusted of the Trades Unionist leaders.

It will be impossible to secure preferential treatment with the Colonies without some duty on corn, as well as on other articles of food, because these are the chief articles of Colonial produce. . . . For instance, *it is, I think, established* that the shilling duty recently imposed was met by a reduction of price and of freights in the United States of America, and that *the tax did not therefore fall in any way on the consumer here*. But, even if the price of food is raised, *the rate of wages will certainly be raised in greater proportion*. This has been the case both in the United States and in Germany. In the former country the available balance left to the working man after he has paid necessaries is much larger than here.

Mr. CHAMBERLAIN. Letter of 3rd June, 1903, to a Working Man. *Times*, Monday, 8th June, 1903.

I am told it is a main feature of the plan to increase the cost of the poor man's food. Is that true ? If it were it would be serious. I am not going to enter on any economic discussion. I leave that to the experts. . . . I am willing to assume, for the sake of argument —although I do not believe it myself—that the whole cost of the tax will fall upon the consumer ; but even then, suppose the tax upon corn increases the price of bread, does that necessarily increase the cost of living ? "Man does not live by bread alone." If the increased cost of bread is met by a proportionate decrease in some other articles, either of consumption or that are necessary for the comfort of his

life, then in that case, although the price of a particular article may be raised, the cost of living will not be increased in the slightest degree. . . . If the working classes refuse to take my advice, if they prefer this immediate advantage, why, it stands to reason that if, for instance, they are called upon to pay 3d. a week additional on the cost of their bread, they may be fully, entirely relieved by a reduction of a similar amount in the cost of their tea, their sugar, or even their tobacco. In this case, what is taken out of one pocket would be put back into the other. There is no working man in the kindgom, no man, however poor, who need fear under the system I propose that without his goodwill his cost of living will be increased by a single farthing.

Mr. CHAMBERLAIN. Speech at the Constitutional Club. Friday, 26th June, 1903. *Times*, Saturday, 27th June, 1903.

Food Tax. Large Sums.

Was it not natural, when in connection with this new subject I thought it was probable that large sums might be at the disposal of any future Chancellor of the Exchequer, that I should put in a word for my favourite hobby, if you like to call it so ? . . . When we have the money, then will be the time to say what we shall do with it.

Mr. CHAMBERLAIN. Speech at the Constitutional Club. Friday, 26th June, 1903. *Times*, Saturday, 27th June, 1903.

Retaliation.

Mr. Chamberlain would not propose to put any tax on German machinery merely because it was cheaper than English, but *if he found that German machinery was receiving a bounty*, either direct or indirect, he would then be perfectly ready to put on a *corresponding duty*. Mr. Chamberlain would adhere in every case to Cobden's principle of free interchange at the natural price.

Mr. CHAMBERLAIN's reply to Mr. C. A. Vince, Secretary to the Birmingham Liberal Unionist Association. *Daily Telegraph*, Wednesday, 10th June, 1903.

[Mr. Vince afterwards put a further question whether the word "legitimately" is to be interpreted so as to exclude as illegitimate the advantage, if any, that the German manufacturer may have in the absence of such restrictions as are imposed on English manufacturers by Factory Acts, and by the approved rules of the Trade Unions, and whether sweating is a form of unfair competition that may be countered by an import duty. To this question Mr. Chamberlain answers "Yes."]

Daily Telegraph, Wednesday, 10th June, 1903.

What I said was this. I stated the facts as I have now stated them to the House ; and I said that, so long as our present system continued, the only answer we could make to our Colonies, if they complained, would be that *our fiscal system prevented us from going to their assistance ;* and I went on to say that, to my mind, that was a

humiliating position. I said I did not like it. I said that as long as it continued I did not believe in the future union of the Empire. *I* say so now, and the *Government* has *asked for discussion* on the question.

Mr. CHAMBERLAIN. Speech in the House of Commons. Wednesday, 17th June, 1903. *Times*, Thursday, 18th June, 1903.

The Reason. Industries Threatened.

Is it or is it not the fact that our greatest and oldest industries—I would specially name the *iron trade and the textile industries—are threatened as they never were before*, and that they might at any moment be overwhelmed by a great importation of goods manufactured abroad and sold here below cost—the product, mind you, of protected States ?

Mr. CHAMBERLAIN. Speech at the Constitutional Club. Friday, 26th June, 1903. *Times*, Saturday, 27th June, 1903.

Effect on Empire.

Is it we who raise the question ? No, it is they. They raised it, and not one Colony alone. Every individual Colony raised it by the mouth of its Prime Minister at the recent conference, when a resolution was unanimously passed asking His Majesty's Government to call attention to this matter, to consider the matter, and see if they could do something to meet the desire of the Colonies for this closer commercial union which, in my heart and soul, I believe is absolutely essential if hereafter you are to have that closer federal union I believe to be the real destiny of the British race, and without which the Empire will fall to pieces and separate atoms.

Mr. CHAMBERLAIN. Speech in the House of Commons. Wednesday, 17th June, 1903. *Times*, Thursday, 18th June, 1903.

Protection and Progress.

Has the progress of these protected States as judged by the statistics of the condition of the working classes, of the rise in their wages, of the incomes of individuals, of the savings in the banks—by these which are the usual tests of a nation's prosperity—has the progress of these protected States been in much greater proportion than the progress of Free Trade in Great Britain ?

The Reason.

I have already indicated my opinion that a system of *preferential tariffs is the only system by which this Empire can be kept together.*

No Imputation of Motives.

. . . . but, in any case, I agree with my right hon. friend, the Prime Minister, and I say that in inviting you to this discussion I agree that there should be no imputation of disloyalty, no proscription, no imputation of evil motives. It is in that spirit that we will carry on the discussion.

Mr. CHAMBERLAIN. Speech at the Constitutional Club. Friday, 26th June, 1903. *Times*, Saturday, 27th June, 1903.

The Policy of Preference and Protection.

I tell you that it is not well to-day with British industry. We have been going through a period of great expansion, the whole world has been prosperous, and we with the rest of the world. I see signs of a change—but let that pass. When the change comes I think even the "Free Fooders" will be converted. But, meanwhile, what are the facts? The year 1900 was the record year of British trade. The exports were the largest we had ever known. The year 1902—last year—was nearly as good, and yet, if you will compare your trade in 1872, 30 years ago, with the trade of 1902—the export trade—you will find that there has been a moderate increase of 20 millions. That, I think, is something like $7\frac{1}{2}$ per cent. Meanwhile, the population has increased 30 per cent. Can you go on supporting your population at that rate of increase when, even in the best of years, you can only show so much smaller an increase in your foreign trade? The actual increase was 20 millions with our Free Trade. In the same time, the increase in the United States of America was 110 millions, and the increase in Germany was 56 millions. In the United Kingdom trade has been practically stagnant for 30 years. It went down in the interval, it has now gone up in the most prosperous times. In the most prosperous times it is hardly in the least degree better than it was 30 years ago. Meanwhile, the Protected countries, which, you have been told, and which I myself at one time believed, were going rapidly to rack and ruin, have progressed in an infinitely better proportion than ours. Now, that is not all. Not only has the amount of your trade remained stagnant, but the character of your trade has changed. When Mr. Cobden preached his doctrine, he believed, as he had at that time considerable reason to suppose, that while foreign countries would supply us with our food and raw materials, we should remain the workshop of the world, and should send them in exchange our manufactures. But this is exactly what we have not done.

Diminishing Exports.

On the contrary, in the period to which I have referred, we are sending less and less of our manufactures to them, and they are sending more and more of manufactures to us. In 1872 we sent to the Protected countries of Europe and to the United States of America £116,000,000 of exported manufactures. In 1882, ten years later, it fell to £88,000,000. In 1892, ten years later, it fell to £75,000,000. In 1902, last year, although the general exports had increased, the exports of manufactures had decreased again to $73\frac{1}{2}$ millions, and the total result of this is that, after 30 years, you are sending $42\frac{1}{2}$ millions of manufactures less to the Protected countries than you did 30 years ago. Then there are the neutral countries—that is, the countries which, although they may have tariffs, have no manufactures, and, therefore, the tariffs are not Protective—such countries as Egypt, and China, and South America, and similar places. They have not fallen to any considerable extent. They have practically remained the same, but, on the whole, they have fallen $3\frac{1}{2}$ millions. Adding that to the loss on the Protected countries, you have lost altogether in your exports of manufactures 46 millions. The continuance of your trade is dependent entirely on British Possessions. While these foreign countries have declined 46 millions your British Possessions have increased 40 millions, and at the present time your trade with your Colonies and British Possessions is very much larger in

amount, and very much more valuable in its character, than the trade with any of the other countries I have named—is much larger than our trade with the whole of Europe and the United States of America. It is much larger than our trade to those neutral countries of which I have spoken, and it remains at the present day the most rapidly increasing, the most important, the most valuable of the whole of our trade. One more comparison. During this period of 30 years, in which our exports of manufactures have fallen £46,000,000 to foreign countries, what has happened with their exports to us? They have risen from £63,000,000 in 1872 to £149,000,000 in 1892. They have increased £86,000,000. That may be all right. I am not, for the moment, saying whether that is right or wrong. There is one thing which follows—that is, that our Imperial trade is absolutely essential to our prosperity at the present time. If that trade declines, or if it does not increase in proportion to our population and to the loss of trade with foreign countries, then we sink at once into a fifth-rate nation. Our fate will be the fate of the empires and kingdoms of the past. But, then, I do not believe in the folly of the British people. I have confidence that they will have the intelligence to see they must meet the conditions with altogether a new policy.

The Colonies.

Well, I have said if our Imperial trade declines we decline. My second point is this: It will decline inevitably unless, while there is still time, we take the necessary steps to preserve it. Have you ever considered why it is that Canada takes so many times as much of the products of British manufacturers as the United States of America does per head? Why does Australasia take about three times as much per head as Canada? Why does South Africa—the white population of South Africa—take more per head than Australasia? These countries are all Protective countries. The vast majority of the working men in all the Colonies are Protectionists. Now, what is the history of Protection? In the first place a tariff is imposed. There are no industries, or practically none, but only a tariff. Then gradually industries grow up behind the tariff wall. In the first place they are primary industries, the industries for which the country has natural aptitude, or for which it has some special advantage—mineral or other resources. Then, when those are supplied, the secondary industries spring up; first the necessities, then the luxuries, until at last all the ground is covered. Now, these countries of which I have been speaking to you are in different stages of the Protective process. In America the process has been completed. She produces everything, she excludes everything. There is no trade to be done with her for a paltry six shillings per head. Canada has been Protective for a long time, and the Protective policy has produced its natural result. The principal industries are there, and you can never get rid of them. They will be there for ever; but up to the present time the secondary industries have not been created, and there is an immense deal of trade that is still open to you, that you may still retain, that you may increase. In Australasia the industrial position is still less advanced. The agricultural products have been first of all developed, accordingly Australasia takes more than Canada. In the Cape, in South Africa, there are, practically speaking, no industries at all. Very well. Now I ask you to suppose that we intervene in any stage of the process. We can do it now; we might have done it with greater effect ten years ago.

Whether we can do it with any effect, or at all, twenty years hence, I am very doubtful. We can intervene now. We can say to our great Colonies: "We understand your views and conditions. We do not attempt to dictate to you. But we will say to you, there are many things which you do not now make, many things for which we have a great capacity of production. Leave them to us as you have left them hitherto; do not increase your tariff walls against us. Pull them down where they are unnecessary to the success of this policy to which you are committed. Let us in exchange with you have your productions—let us have all these numberless industries which have not yet been erected. Do that because we are kinsmen, without regard to your immediate interest, because it is good for the Empire as a whole, and because we have taken the first step and have set you the example. We offer you a preference. We rely on your patriotism, your affection, that we shall not be the losers thereby." Now, suppose that we had made an offer of that kind ten or twenty years ago, do you suppose that we should not have been able to retain a great deal of what we have now lost and cannot recover? We did not take that course. We were not prepared for it as a people. We allowed matters to drift. Are we going to let them drift now? Are we going to lose the Colonies? This is the parting of the ways. You have to remember that if you do not take it, it will not recur. If you do not take it, I predict with certainty that Canada will fall to the level of the United States, that Australia will fall to the level of Canada, that South Africa will fall to the level of Australia, and that will only be the beginning of the general decline that will deprive you of your most important customers, of your most rapidly increasing trade.

Colonial Favours.

The Colonies are prepared to meet us. In return for a very moderate preference they will give us a substantial advantage. They will, in the first place, reserve to us the trade which we already enjoy. They will not arrange for tariffs in the future in order to start industries in competition with those which are already in existence in the Mother Country. They will not—and I would not urge them for a moment to do so—injure those industries which have already been created. They will maintain them, they will not allow them to be destroyed or injured, even by our competition; but outside that there is still a great margin—a margin which has given us this enormous increase of trade to which I have referred. That margin we can permanently retain; and I ask you to think, if that is of so much importance to us now that we have only 11 millions of white fellow-citizens in these distant Colonies, what will it be when, in the course of a period which is a mere moment of time in the history of states, that population is 40 millions or more? But they will do a great deal more for you. Not only will they enable you to retain the trade which you have, but they are ready to give you preference to all the trade which is now done with them by foreign competitors. It has been calculated that 26 millions a year of that trade might come to this country which now goes to Germany and France, and other foreign countries, if reasonable preference were given to British manufactures. What does that mean? It means the employment of 166,000 men at 30s. a week. It means the subsistence, if you include their families, of 830,000 persons. And now if you will only add to that our present export to the British Possessions of 96 millions you will find that

gives employment at 30s. a week to 615,000 work-people, and it finds subsistence for 3,075,000 persons. In other words, your Colonial trade, as it stands at present, with the prospective advantage of a preference against the foreigner, means employment for three-quarters of a million of workmen, and subsistence for near four millions of our population. We have an Empire which might be absolutely self-sustaining. There is no article of your food, there is no raw material of your trade, there is no necessary of your lives, no luxury of your existence, which cannot be produced somewhere or another in the British Empire. I have told you what you are to gain by Preference. You will gain the retention and the increase of your customers ; you will gain work for the enormous number of those who are now unemployed ; you will pave the way for a firmer and more enduring union of the Empire. What will it cost you ? What do the Colonies ask ? They ask a Preference on their particular products. It would be futile to offer them a Preference on manufactured goods, because, at the present time, the export manufacture of the Colonies is entirely insignificant. You cannot, in my opinion, give them a Preference on raw material. I do not propose a tax on raw materials, which are a necessity of our manufacturing trade. What remains ? Food. Therefore, if you wish to have a Preference, if you wish to prevent Separation, you must put a tax on food.

Food Taxes.

Now, nothing that I propose would add one farthing to the cost of living of the working man or of any family in this country. How is that to be achieved ? I propose to put a low duty on foreign corn—no duty at all on the corn coming from our British Possessions. I propose to put a low duty on foreign corn not exceeding 2s. a quarter. I propose to put no tax whatever on maize, partly because maize is a food of some of the very poorest of people, and partly, also, because it is a raw material for the farmers, who feed their pigs on it. I propose that the corresponding tax which will have to be put on flour should give a substantial preference to the miller. I do that in order to re-establish one of our most ancient industries in this country, believing that, if that is done, not only will more work be found in agricultural districts, with some tendency, perhaps, resulting against the constant migration from the country into the towns, but also because by re-establishing the milling industry in this country the offals, as they are called, the refuse of the wheat, will remain in the country, and will give to the farmers or the agricultural population a food for their stock and their pigs at very much lower rates. That will benefit not merely the great farmer, but it will benefit the little man, the small owner of a plot, or even the allotment owner who keeps a single pig. If this were done, so great an effect would be produced upon the price of the food of the animal, that where an agricultural labourer keeps one pig now he might keep two in future. I propose to put a small tax of about 5 per cent. on foreign meat and dairy produce. I propose to exclude bacon, because, once more, bacon forms the staple food for many of the poorest of the population. And, lastly, I propose to give a substantial Preference to our Colonies upon Colonial wines, and, perhaps, upon Colonial fruits. Those are the taxes which I propose as additions to your present burden. But I propose, also, some great remissions ; I propose to take off three-fourths of the duty on tea, and half of the whole duty on sugar, with a corresponding reduction on cocoa and coffee. Now, what will be the

result of these changes ; in the first place upon the cost of living, in the second place upon the Treasury ? As regards the cost of living, I find that if he pays the whole of the new Duties that I propose to impose, it would cost an agricultural labourer 16½ farthings per week more than at present, and the artisan in the town 19½ farthings per week. In other words, it would be about 4d. per week of an increase on the expenditure of the agricultural labourer and 5d. per week on the expenditure of the artisan. But then there are the reductions which I have proposed. Again, taking the consumption as it is declared by the Board of Trade, the reductions would be, in the case of the agricultural labourer 17 farthings per week ; in the case of the artisan 19½ farthings per week. Upon the assumption that you pay the whole of the new taxes yourselves the agricultural labourer would be half a farthing per week to the better, and the artisan would be exactly the same. I do not believe that these small taxes upon food would be paid to any large extent by the consumers in this country. I believe, on the contrary, they would be paid by the foreigner. But granting that the whole of the tax is paid by the consumer, even in that case my proposal would give as large a remission on the necessary articles of his life as it imposes upon the necessary articles, and the budget at the end of the week, or the result at the end of the year, will be practically the same, even if he pays the whole duty. And if he does not pay the whole duty, then he will gain 2d. a week, and in the case of the town artisan, he will gain 2½d. a week. Now the next point is that the Exchequer, when it reduces tea or sugar, loses the amount of tax on the whole of the consumption ; but when it imposes a tax on corn or upon meat, it only gains the duty on a part of the consumption, since it does not collect it either upon Colonial or upon the home production. I have had that worked out, and I find that if you make allowance for these articles which I do not propose to tax, the loss of the Exchequer will be £2,800,000 per annum. How is it to be made up ? I propose to find it, and to find more in the other branch of this policy of Fiscal Reform, in that part of it which is sometimes called retaliation and sometimes reciprocity.

Duty on Manufactures.

A moderate duty on all manufactured goods—not exceeding 10 per cent. on the average, but varying according to the amount of labour in these goods, that is to say, putting the higher rate on the finished manufactures, upon which most labour would be employed in this country, and the lower duty on goods in which very little, or less, labour had been employed—a duty averaging 10 per cent. would give to the Exchequer at least nine millions a year. I should use that in the first place to make up this deficit of £2,800,000, and in the second place, I should use it for the further reduction both of taxes on food and also of some other taxes which press most hardly on different classes of the community. Now the principle of all this policy is that, whereas your taxation, whether it be on food or anything else, brings you revenue, and nothing but revenue, the taxation which I propose, which will not increase your burdens, will gain for you in trade, in employment, in all that we most want to maintain—the prosperity of our industries. The one is profitless taxation, the other is scientific taxation. I have stated, then, the broad outline of the plan which I propose. It cannot be precisely stated now what it would bring in or what we should do. But

this is clear—that, whatever it was, we should get something for it. We should get something, either in the shape of reduction of other taxation, or something in the shape of a reduction of those prohibitive tariffs which now hamper so immensely our native industry. There will be according to this plan, as I have said, no addition to the cost of living, but only a transfer of taxation from one item to another.

A Missionary of the Empire.

It remains to ask what will the Colonies say? I hear it said sometimes by people who, I think, have never visited the Colonies, and do not know much about them, that they will receive this offer with contempt, that they will spurn it, or that if they will accept it they will give nothing in return. Well I differ from the critics. Do not do this injustice to the patriotism or the good sense of the Colonies. They have no such idea, for they have offered you something already. Canada has given you a preference of $33\frac{1}{3}$ per cent.; South Africa has given you a preference of 25 per cent.; New Zealand has offered a preference of 10 per cent.; the Premier of Australia has promised to bring before Parliament a similar proposal. They have done this in the confidence that you will not be ungrateful, that you will not be unmindful of the influences which have weighed with them, that you will share their loyalty and devotion to an Empire which is theirs as well as ours, which they have also done something to maintain. And it is because I sympathise with their object, it is because I see that an opportunity now in your hands once lost will never recur, it is because I believe that this policy will consolidate the Empire, that I have given up the office which I was so proud to hold, and that now I have taken up new burdens. I come before you, as a missionary of the Empire, to urge upon you to do nothing that will tend towards the disintegration of the Empire; not to refuse to sacrifice a futile superstition, an inept prejudice, and thereby to lose the results of centuries of noble effort and patriotic endeavour.

MR. CHAMBERLAIN. Speech at St. Andrew's Hall, Glasgow. Tuesday, October 6th, 1903. *Times*, Wednesday, October 7th, 1903.

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